

eHealth, Inc.
Form DEF 14A
April 28, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of

the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12

EHEALTH, INC.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other than the Registrant)

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 - (2) Form, Schedule or Registration Statement No.:

 - (3) Filing Party:

(4) Date Filed:

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440 East Middlefield Road Mountain View, CA 94043 (650) 584-2700

April 30, 2014

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of eHealth, Inc. that will be held on June 12, 2014 at 8:30 a.m. Pacific Daylight Time at the Garden Court Hotel, located at 520 Cowper Street, Palo Alto, California 94301.

In connection with our 2014 Annual Meeting of Stockholders, we have elected to provide access to our proxy materials over the Internet to all stockholders under the Securities and Exchange Commission's notice and access rules. We believe that our use of this process should expedite stockholders' receipt of proxy materials, lower the costs of our annual meeting and help to conserve natural resources. Hard copies of the proxy materials, including the Proxy Statement and Annual Report, will be mailed upon request.

Your vote is important. Whether or not you plan to attend the Annual Meeting, we ask you to vote as soon as possible. You may vote over the Internet, as well as by telephone or by mailing a proxy or voting instruction form. Voting over the Internet, by telephone, by written proxy or by written voting instruction form will ensure your representation at the Annual Meeting of Stockholders regardless of whether or not you attend in person. Please review the instructions on the proxy, voting instruction form or important notice regarding availability of proxy materials regarding each of these voting options.

Also, please let us know if you plan to attend our annual meeting by marking the appropriate box on the enclosed proxy card if you have requested to receive printed proxy materials or, if you vote by telephone or Internet, indicating your plans when prompted.

Thank you for your ongoing support of eHealth, Inc.

Sincerely yours,

Gary L. Lauer

Chairman of the Board of Directors

and Chief Executive Officer

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EHEALTH, INC.

Notice of Annual Meeting of Stockholders

to be held on June 12, 2014

To the Stockholders of eHealth, Inc.:

The Annual Meeting of Stockholders of eHealth, Inc., a Delaware corporation, will be held at the Garden Court Hotel, located at 520 Cowper Street, Palo Alto, California 94301, on Thursday, June 12, 2014 at 8:30 a.m. Pacific Daylight Time for the following purposes:

1. To elect two (2) Class II directors (William T. Shaughnessy and Randall S. Livingston) to serve for terms of three years and until their respective successors are duly elected and qualified, subject to earlier resignation or removal;
2. To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2014;
3. To hold a non-binding, advisory vote to approve the compensation of our Named Executive Officers;
4. To re-approve the eHealth, Inc. Performance Bonus Plan to permit the payment of cash bonuses that qualify as deductible performance-based compensation under Section 162(m) of the Internal Revenue Code of 1986, as amended;
5. To approve the eHealth, Inc. 2014 Equity Incentive Plan; and
6. To transact such other business as may properly come before the Annual Meeting or at any postponement or adjournment of the Annual Meeting.

The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice or made available over the Internet. We are not aware of any other business to come before the Annual Meeting.

Only stockholders of eHealth as of the close of business on April 17, 2014 and their proxies are entitled to notice of and to vote at the Annual Meeting and any postponements, adjournments or continuations thereof.

All stockholders are invited to attend the Annual Meeting in person. Any stockholder attending the Annual Meeting may vote in person even if the stockholder returned a proxy. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the Annual Meeting, you must obtain a proxy issued in your name from the record holder giving you the right to vote the shares.

By Order of the Board of Directors,

Scott Giesler

Secretary

Mountain View, California

April 30, 2014

Whether or not you expect to attend the annual meeting, we encourage you to read the proxy statement and submit your proxy or voting instructions as promptly as possible in order to ensure your representation at the annual meeting. We strongly encourage you to vote.

You may submit your proxy or voting instructions for the annual meeting by using the telephone or the Internet or, if you requested to receive printed proxy materials, you may also submit your proxy or voting instructions by completing, signing, dating and returning your proxy card or voting instruction form in the pre-addressed envelope provided. For specific instructions on how to vote your shares, please refer to the section entitled **Questions and Answers About the Proxy Materials and the Annual Meeting in this proxy statement and the instructions on the proxy, voting instruction form or important notice regarding availability of proxy materials. Even if you have given your proxy, you may still vote in person if you attend the annual meeting. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the annual meeting, you must obtain a proxy issued in your name from the record holder.**

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eHealth, Inc.

440 East Middlefield Road

Mountain View, CA 94043

(650) 584-2700

PROXY STATEMENT

The Board of Directors of eHealth, Inc., a Delaware corporation (we, us, our or the Company), is soliciting proxies in the accompanying form to be used at our Annual Meeting of Stockholders to be held at the Garden Court Hotel, located at 520 Cowper Street, Palo Alto, California 94301, on Thursday, June 12, 2014 at 8:30 a.m. Pacific Daylight Time and for any postponement, adjournment or continuation thereof (the Annual Meeting).

This Proxy Statement and the accompanying notice and form of proxy are first being made available to stockholders on or about April 30, 2014.

QUESTIONS AND ANSWERS ABOUT

THE PROXY MATERIALS AND THE ANNUAL MEETING

What proposals will be voted on at the Annual Meeting?

Five proposals will be voted on at the Annual Meeting:

1. The election of two (2) Class II directors (William T. Shaughnessy and Randall S. Livingston) to serve for terms of three years and until their respective successors are duly elected and qualified, subject to earlier resignation or removal (Proposal 1);
2. The ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2014 (Proposal 2);
3. A non-binding, advisory vote to approve the compensation of our Named Executive Officers (Proposal 3);
4. The re-approval of the eHealth, Inc. Performance Bonus Plan to permit the payment of cash bonuses that qualify as deductible performance-based compensation under Section 162(m) of the Internal Revenue Code of 1986, as amended (Proposal 4); and
5. The approval of the eHealth, Inc. 2014 Equity Incentive Plan (Proposal 5).

What are the recommendations of the board of directors?

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Our board of directors unanimously recommends that you vote:

1. FOR the election of the nominated Class II directors (Proposal 1);
2. FOR the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2014 (Proposal 2);
3. FOR the proposal regarding a non-binding, advisory vote to approve the compensation of our Named Executive Officers (Proposal 3);
4. FOR the re-approval of the eHealth, Inc. Performance Bonus Plan to permit the payment of cash bonuses that qualify as deductible performance-based compensation under Section 162(m) of the Internal Revenue Code of 1986, as amended (Proposal 4); and
5. FOR the approval of the eHealth, Inc. 2014 Equity Incentive Plan (Proposal 5).

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Will there be any other items of business on the agenda?

We do not expect any other items of business, because the deadline for stockholder proposals and nominations has already passed. Nonetheless, in case there is an unforeseen need, the accompanying proxy gives discretionary authority to the persons named on the proxy with respect to any other matters that might be brought before the Annual Meeting or at any postponement or adjournment of the Annual Meeting. Those persons intend to vote that proxy in accordance with their best judgment. If for any reason any of the nominees are not available as candidates for director, and our board of directors has not reduced the authorized number of directors on our board of directors, the persons named as proxy holders will vote your proxy for such other candidate or candidates as may be nominated by the board of directors.

What constitutes a quorum?

As of the close of business on April 17, 2014 (the Record Date), there were 19,022,695 shares of our common stock outstanding. The presence at the Annual Meeting or at any postponement or adjournment of the Annual Meeting, in person or by proxy, of the holders of a majority of the voting power of the common stock outstanding on the Record Date will constitute a quorum. Both abstentions and broker non-votes are counted for the purpose of determining the presence of a quorum.

Who is entitled to vote?

Stockholders holding shares of our common stock at the close of business on the Record Date may vote at the Annual Meeting or at any postponement or adjournment of the Annual Meeting. You may vote all shares owned by you as of the Record Date, including (i) shares held directly in your name as the stockholder of record and (ii) shares held for you as the beneficial owner in street name through a broker, bank or other nominee. Each holder of our common stock is entitled to one vote for each share of common stock held as of the Record Date.

What is the difference between holding shares as a stockholder of record and as a beneficial owner?

Stockholder of Record. If your shares are registered directly in your name with our transfer agent, Computershare Trust Company, N.A., you are considered, with respect to those shares, the stockholder of record.

Beneficial Owner. If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name. Your broker, bank or nominee is considered with respect to those shares the stockholder of record. As the beneficial owner, you have the right to direct your broker, bank or nominee how to vote your shares. Other than routine matters, such as a proposal to ratify an independent registered public accounting firm, your broker will not be able to vote your shares unless your broker receives specific voting instructions from you. You must give your broker voting instructions in order for your vote to be counted on the proposal to elect directors (Proposal 1), the proposal regarding a non-binding, advisory vote to approve the compensation of our Named Executive Officers (Proposal 3), the proposal to re-approve the eHealth, Inc. Performance Bonus Plan to permit the payment of cash bonuses that qualify as deductible performance-based compensation under Section 162(m) of the Internal Revenue Code of 1986, as amended (Proposal 4), and the proposal to approve the eHealth, Inc. 2014 Equity Incentive Plan (Proposal 5). We strongly encourage you to vote.

How do I vote?

You may vote using any of the following methods:

By Internet. Stockholders of record of our common stock as of the Record Date with Internet access may submit proxies by following the Internet voting instructions on the Important Notice Regarding the Availability of Proxy Materials (the Notice of Availability) or, in the case of stockholders of

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record who have requested to receive printed proxy materials, by accessing the website specified on the proxy cards provided by Computershare Trust Company, N.A., our transfer agent. Stockholders who hold shares beneficially in street name may provide voting instructions by accessing the website specified on the Notice of Availability or, in the case of beneficial holders of shares in street name who have requested to receive printed proxy materials, by accessing the website specified on the voting instruction forms provided by their brokers, banks or nominees. Please check the voting instruction form for Internet voting availability. Please be aware that if you submit voting instructions over the Internet, you may incur costs such as telephone and Internet access charges for which you will be responsible.

By Telephone. Stockholders of record of our common stock as of the Record Date who live in the United States or Canada may submit proxies by following the telephone voting instructions on their Notice of Availability or, in the case of stockholders of record who have requested to receive printed proxy materials, by following the telephone voting instructions specified on the proxy cards. Stockholders who hold shares beneficially in street name, live in the United States or Canada and have requested to receive printed proxy materials may provide voting instructions by telephone by calling the number specified on the voting instruction forms provided by their brokers, banks or nominees. Please check the voting instruction form for telephone voting availability.

By Mail. Stockholders of record of our common stock as of the Record Date who have requested paper copies of their proxy materials may submit proxies by completing, signing and dating their proxy cards and mailing them in the accompanying pre-addressed envelopes. If you return your signed proxy but do not indicate your voting preferences, your shares will be voted on your behalf FOR the Class II nominees to the board of directors (Proposal 1), FOR the ratification of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2014 (Proposal 2), FOR the proposal regarding a non-binding, advisory vote to approve the compensation of our Named Executive Officers (Proposal 3), FOR the re-approval of the eHealth Performance Bonus Plan to permit the payment of cash bonuses that qualify as deductible performance-based compensation under Section 162(m) of the Internal Revenue Code of 1986, as amended (Proposal 4) and FOR the approval of the eHealth, Inc. 2014 Equity Incentive Plan (Proposal 5). Stockholders who hold shares beneficially in street name and have requested to receive printed proxy materials may provide voting instructions by mail by completing, signing and dating the voting instruction forms provided by their brokers, banks or other nominees and mailing them in the accompanying pre-addressed envelopes.

In person at the Annual Meeting. Shares held in your name as the stockholder of record may be voted in person at the Annual Meeting or at any postponement or adjournment of the Annual Meeting. Shares held beneficially in street name may be voted in person only if you obtain a legal proxy from the broker, bank or nominee that holds your shares giving you the right to vote the shares. ***Even if you plan to attend the Annual Meeting, we recommend that you also submit your proxy or voting instructions by mail, telephone, or Internet so that your vote will be counted if you later decide not to attend the Annual Meeting.***

Can I change my vote or revoke my proxy?

If you are a stockholder of record, you may revoke your proxy at any time prior to the vote at the Annual Meeting. If you submitted your proxy by mail, you must file with our Secretary a written notice of revocation or deliver, prior to the vote at the Annual Meeting, a valid, later-dated proxy. If you submitted your proxy by telephone or the Internet, you may revoke your proxy with a later telephone or Internet proxy, as the case may be. Attendance at the Annual Meeting will not have the effect of revoking a proxy unless you give written notice of revocation to the Secretary before the proxy is exercised or you vote by written ballot at the Annual Meeting. If you are a beneficial owner, you may vote by submitting new voting instructions to your broker, bank or nominee, or, if you have obtained a legal proxy from your broker, bank or nominee giving you the right to vote your shares, by attending the meeting and voting in person.

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How are votes counted?

In the election of the Class II directors (Proposal 1), you may vote FOR the nominees or your vote may be WITHHELD with respect to one or more of the nominees. With respect to the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2014 (Proposal 2), the non-binding, advisory vote to approve the compensation of our Named Executive Officers (Proposal 3), re-approval of the eHealth Performance Bonus Plan (Proposal 4) and approval of the eHealth, Inc. 2014 Equity Incentive Plan (Proposal 5) you may vote FOR, vote AGAINST or ABSTAIN. If you ABSTAIN, the abstention has no effect on the voting results, although abstentions are considered votes cast for the purpose of determining the presence of a quorum. If you provide specific instructions, your shares will be voted as you instruct.

If you sign your proxy card with no further instructions, your shares will be voted in accordance with the recommendations of the board of directors (FOR the Class II nominees to the board of directors (Proposal 1), FOR the ratification of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2014 (Proposal 2), FOR the proposal regarding a non-binding, advisory vote to approve the compensation of our Named Executive Officers (Proposal 3), FOR the re-approval of the eHealth Performance Bonus Plan to permit the payment of cash bonuses that qualify as deductible performance-based compensation under Section 162(m) of the Internal Revenue Code of 1986, as amended (Proposal 4), FOR the approval of the eHealth, Inc. 2014 Equity Incentive Plan (Proposal 5) and in the discretion of the proxy holders on any other matters that properly come before the Annual Meeting or any postponement or adjournment of the Annual Meeting. If you are a beneficial holder and do not return a voting instruction form, your broker, bank or nominee may only vote on the ratification of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2014.

What vote is required to approve each item?

In the election of directors (Proposal 1), the two persons receiving the highest number of FOR votes cast at the Annual Meeting in person or by proxy or at any postponement or adjournment of the Annual Meeting will be elected. The ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2014 (Proposal 2), the non-binding, advisory vote to approve the compensation of our Named Executive Officers (Proposal 3), the re-approval of the eHealth Performance Bonus Plan (Proposal 4) and the approval of the eHealth, Inc. 2014 Equity Incentive Plan (Proposal 5) require the affirmative FOR vote of a majority of the votes cast affirmatively or negatively at the Annual Meeting in person or by proxy or at any postponement or adjournment of the Annual Meeting.

If you hold your shares beneficially in street name and do not provide your broker, bank or nominee with voting instructions, your shares may constitute broker non-votes.

What are broker non-votes and what effect do they have on the proposals?

Generally, broker non-votes occur when a broker (1) has not received voting instructions from the beneficial owner with respect to a particular proposal and (2) lacks discretionary voting power to vote those shares with respect to that particular proposal. In tabulating the voting results for any particular proposal, shares that constitute broker non-votes are not considered votes cast on that proposal. Thus, other than being counted for the purpose of determining a quorum, broker non-votes will not affect the outcome of any matter being voted on at the Annual Meeting or any postponement or adjournment of the Annual Meeting, assuming that a quorum is obtained.

A broker is entitled to vote shares held for a beneficial owner on routine matters, such as the ratification of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2014 (Proposal 2), without instructions from the beneficial owner of those shares. On the other hand, absent instructions from the beneficial owner of such shares, a broker is not entitled to vote shares held for

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a beneficial owner on certain non-routine matters, such as the uncontested election of our directors (Proposal 1), the non-binding, advisory vote to approve the compensation of our Named Executive Officers (Proposal 3), the re-approval of the eHealth, Inc. Performance Bonus Plan to permit the payment of cash bonuses that qualify as deductible performance-based compensation under Section 162(m) of the Internal Revenue Code of 1986, as amended (Proposal 4) and the approval of the eHealth, Inc. 2014 Equity Incentive Plan (Proposal 5).

Broker non-votes are counted for purposes of determining whether or not a quorum exists for the transaction of business at the Annual Meeting or any postponement or adjournment of the Annual Meeting, but will not be counted for purposes of determining the number of shares represented and voted with respect to an individual proposal, and therefore will have no effect on the outcome of the vote on an individual proposal. Thus, if you do not give your broker specific voting instructions, your shares may not be voted on these non-routine matters and will not be counted in determining the number of shares necessary for approval.

Is cumulative voting permitted for the election of directors?

No. Neither our charter nor our bylaws permit cumulative voting at any election of directors.

I am a stockholder, and I only received a copy of the Important Notice Regarding Availability of Proxy Materials in the mail. How may I obtain a full set of the proxy materials?

In accordance with the notice and access rules of the Securities and Exchange Commission, we may furnish proxy materials, including this Proxy Statement and our 2013 Annual Report, to our stockholders of record and beneficial owners of shares by providing access to such documents on the Internet instead of mailing printed copies. Stockholders will not receive printed copies of the proxy materials unless they request them. Instead, the Notice of Availability, which was mailed to our stockholders, will instruct you as to how you may access and review all of the proxy materials on the Internet. If you would like to receive a paper or electronic copy of our proxy materials, you should follow the instructions for requesting such materials in the Notice of Availability.

I share an address with another stockholder, and we received only one paper copy of the proxy materials. How may I obtain an additional copy of the proxy materials?

We have adopted a procedure called householding, which the Securities and Exchange Commission has approved. Under this procedure, we deliver a single copy of the Notice of Availability and, if applicable, the proxy materials and the 2013 Annual Report to multiple stockholders who share the same address unless we received contrary instructions from one or more of the stockholders. This procedure reduces our printing costs, mailing costs and fees. Stockholders who participate in householding will continue to be able to access and receive separate proxy cards. Upon written or oral request, we will deliver promptly a separate copy of the Notice of Availability and, if applicable, the proxy materials and the 2013 Annual Report to any stockholder at a shared address to which we delivered a single copy of any of these documents. To receive a separate copy of the Notice of Availability and, if applicable, these proxy materials or the 2013 Annual Report, stockholders may contact us at the following address and telephone number:

Investor Relations

eHealth, Inc.

440 East Middlefield Road

Mountain View, CA 94043

(650) 584-2700

Stockholders who hold shares in street name (as described above) may contact their brokerage firm, bank, broker-dealer or other similar organization to request information about householding.

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How are proxies solicited?

The costs and expenses of soliciting the proxy accompanying this Proxy Statement from stockholders will be borne by us. Our employees, officers and directors may solicit proxies in person, by telephone or by electronic communication. None of these individuals will receive any additional or special compensation for doing this, but they may be reimbursed for reasonable out-of-pocket expenses. We may engage the services of proxy solicitors to assist us in the distribution of proxy materials and the solicitation of votes, for which we will pay customary fees plus reasonable out-of-pocket expenses. We have retained Georgeson Inc. to assist with the solicitation of proxies for a fee of \$9,500, plus reimbursement for out-of-pocket expenses. In addition, we may reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and solicitation material to the beneficial owners of common stock.

Who will serve as inspector of elections?

Our officers are authorized to designate an inspector of elections for the meeting. It is anticipated that the inspector of elections will be a representative from Computershare Trust Company, N.A.

Date of our fiscal year end.

This Proxy Statement provides information about the matters to be voted on at the Annual Meeting and additional information about us and our executive officers and directors. Some of the information is provided as of the end of our 2013 fiscal year and some information is provided as of a more current date. Our fiscal year ends on December 31.

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Our board of directors currently consists of eight directors. Our certificate of incorporation provides a classified board of directors consisting of three classes of directors, each serving staggered three-year terms. As a result, a portion of our board of directors will be elected each year.

Our Class II directors, whose terms will expire at the Annual Meeting, are Messrs. William T. Shaughnessy, Lawrence M. Higby and Randall S. Livingston. Mr. Higby is not standing for re-election at the Annual Meeting. Our board of directors has nominated Class II directors William T. Shaughnessy and Randall S. Livingston for election at the Annual Meeting. If elected, Messrs. Shaughnessy and Livingston will serve as directors until the Annual Meeting of Stockholders in 2017 and until their respective successors are elected and qualified, subject to earlier resignation or removal. In light of Mr. Higby not standing for re-election, the board of directors has reduced the size of the board of directors to seven directors, effective upon Mr. Higby's departure from the board of directors.

The names and certain information about the continuing directors in each of the three classes of the board of directors are set forth below. There are no family relationships among any of our directors or executive officers.

It is intended that the proxies will be voted, unless otherwise indicated, for the election of the nominees for election as Class II directors. If any of the nominees should for any reason be unable or unwilling to serve at any time prior to the Annual Meeting, the proxies will be voted for the election of such other person(s) as substitute nominee(s) as the board of directors may designate in place of such nominee(s).

Nominees for Class II Directors

The following paragraphs provide information as of the date of this proxy statement about each nominee for director. The information presented includes information each nominee has given us about his age, positions held, principal occupation and business experience for at least the past five years, and directorships of publicly-held companies for the past five years. We also describe the specific qualifications of each of our nominees that contribute to the board's effectiveness as a whole. We believe that all of our nominees possess integrity, honesty, sound judgment, high ethical standards and a commitment of service to us.

The names of the nominees for Class II directors and certain biographical information about them as of the date of this proxy statement are set forth below:

| Name | Age | Position and Offices Held with the Company | Director Since |
|--------------------------|------------|---|-----------------------|
| William T. Shaughnessy | 49 | Director, President and Chief Operating Officer | 2012 |
| Randall S. Livingston(1) | 60 | Director | 2008 |

(1) Mr. Livingston serves as a member of the audit committee of our board of directors and served as lead independent director from May 2011 until April 2014.

William T. Shaughnessy, Director, President and Chief Operating Officer. William Shaughnessy has served as our president, chief operating officer and as a member of our board of directors since March 2012. Prior to joining us, Mr. Shaughnessy was senior vice president of product management and product marketing at Yahoo! Inc., a digital media company, from July 2010 to March 2012. From March 1994 to March 2009, Mr. Shaughnessy held various senior management positions at Microsoft Corporation, a global software company, most recently as its global vice president of sales, marketing and services in the advertising and publisher solutions group. Mr. Shaughnessy holds a B.S. degree in business administration from California State University - Fresno. Mr. Shaughnessy brings to our board of directors extensive management and operational

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experience as a result of his leadership positions at large, globally diversified organizations, expertise in technology development, product management and marketing and deep knowledge of the Internet and digital media industries.

Randall S. Livingston. Director. Randall Livingston has served as a director since December 2008. Mr. Livingston is the vice president for business affairs and chief financial officer of Stanford University and has served in this role since 2001. From 1999 to 2001, Mr. Livingston served as executive vice president and chief financial officer of OpenTV Corp., a provider of interactive television software and services. Mr. Livingston received a B.S. in mechanical engineering from Stanford University and an M.B.A. from the Stanford Graduate School of Business. Mr. Livingston serves as a member of the boards of directors of Genomic Health, Inc. and Pacific Biosciences, Inc. Mr. Livingston brings to our board of directors substantial financial expertise that includes extensive knowledge of the financial and operational issues facing large companies acquired in the course of serving as the chief financial officer of a major university, as a finance executive for several Silicon Valley companies and working with a major international management consulting firm.

Required Vote and Board of Directors Recommendation

The two candidates receiving the highest number of affirmative votes cast in person or by proxy at the Annual Meeting or at any postponement or adjournment of the Annual Meeting will be elected as directors to serve until their respective successors have been duly elected and qualified, subject to earlier resignation or removal.

*The board of directors recommends a vote **FOR** election as directors of each of the nominees set forth above.*

Table of Contents**DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE****Directors Not Standing for Election**

The following paragraphs provide information as of the date of this proxy statement about the continuing members of our board of directors not standing for election at the Annual Meeting. Director service terms expire at the Annual Meeting in the years set forth below. The information presented includes information each director has given us about his or her age, positions held, principal occupation and business experience for the past five years, and directorships of publicly-held companies for the past five years. We also describe the specific qualifications of each of our directors that contribute to the board's effectiveness as a whole. We believe that all of our directors possess integrity, honesty, sound judgment, high ethical standards and a commitment of service to us. As noted above, Mr. Higby, a Class II director, will not stand for re-election at the Annual Meeting.

| Name | Age | Position and Offices Held with the Company | Year Term Expires |
|------------------------|------------|--|--------------------------|
| Gary L. Lauer(1) | 61 | Chairman of the Board of Directors and Chief Executive Officer | 2015 |
| Lawrence M. Higby(2) | 68 | Director | 2014 |
| Jack L. Oliver, III(3) | 45 | Director | 2015 |
| Ellen O. Tauscher(4) | 62 | Director | 2015 |
| Scott N. Flanders(5) | 57 | Director | 2016 |
| Michael D. Goldberg(6) | 56 | Director | 2016 |

- (1) Mr. Lauer serves as a member of the equity incentive committee of our board of directors.
- (2) Mr. Higby serves as a member of the compensation committee of our board of directors and as a member of the nominating and corporate governance committee of our board of directors.
- (3) Mr. Oliver serves as chairperson of the nominating and corporate governance committee of our board of directors and as a member of the compensation committee of our board of directors.
- (4) Ms. Tauscher serves as a member of the audit committee of our board of directors and was appointed chairperson of the audit committee of our board of directors in April 2014.
- (5) Mr. Flanders serves as the chairperson of the compensation committee of our board of directors and as a member of the nominating and corporate governance committee of our board of directors.
- (6) Mr. Goldberg serves as a member of the audit committee of our board of directors and was appointed lead independent director in April 2014. Mr. Goldberg served as chairperson of the audit committee of our board of directors from May 2011 until April 2014.

Gary L. Lauer. Chairman of the Board of Directors and Chief Executive Officer. Gary Lauer has served as our chief executive officer since December 1999 and as chairman of our board of directors since March 2002. He also served as our president from December 1999 to March 2012. Prior to joining us, Mr. Lauer was the chairman and chief executive officer of MetaCreations Corporation. Prior to MetaCreations, Mr. Lauer spent more than nine years at Silicon Graphics, Inc., a computing technology company, where he was a member of the senior executive team. Mr. Lauer started his career at IBM in sales and marketing management. Mr. Lauer holds a B.S. degree in finance and marketing from the University of Southern California Business School. Mr. Lauer serves as a member of the board of directors of Vantiv, Inc. Mr. Lauer brings to our board of directors his extensive background in our company and his operational and industry expertise obtained from his experience as our chief executive officer for more than ten years and as a former senior executive of several technology companies.

Lawrence M. Higby. Director. Lawrence Higby has served as a director since September 2008. From February 2002 to October 2008, Mr. Higby served as chief executive officer of Apria Healthcare Group Inc., a national provider of home healthcare products and services. From 1997 until his appointment as chief executive officer in February 2002, Mr. Higby served as Apria's president and chief operating officer. Mr. Higby also served as Apria's chief executive officer on an interim basis from January through May 1998. Prior to joining Apria, Mr. Higby served as president and chief operating officer of Unocal's 76 Products Company and group

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vice president of Unocal Corporation from 1994 to 1997. From 1986 to 1994, Mr. Higby held various positions with the Times Mirror Company, including serving as executive vice president of the Los Angeles Times and chairman of the Orange County Edition. In 1986 Mr. Higby served as president and chief operating officer of America's Pharmacy, Inc., a division of Caremark, Inc. Prior to that he was employed by PepsiCo for 10 years in various sales and marketing positions, including vice president of marketing for Pepsi Cola in the United States. Mr. Higby is currently a director of DST Systems, Inc. and previously served as a director of Herbalife Ltd. from March 2009 to April 2011. Mr. Higby holds a B.S. degree in political science from the University of California and attended UCLA's graduate school of business. Mr. Higby brings to our board of directors his substantial knowledge of the healthcare industry and his marketing, sales, and operational expertise acquired from his former roles as chief executive officer of a large healthcare company and past senior executive positions with several global companies.

Jack L. Oliver, III, Director. Jack Oliver has served as a director since December 2005. Since March 2005, Mr. Oliver has been an officer and senior advisor of the law firm Bryan Cave LLP. Mr. Oliver also has served as a senior advisor for Barclay's PLC since March 2009. From August 2005 to 2008, Mr. Oliver served as a senior advisor for Lehman Brothers with a focus on Lehman Brothers' global client relationship management and private management businesses. Prior to his work at Bryan Cave, Mr. Oliver served on various political campaigns, including those for the candidacies of Senator Jack Danforth, Senator Kit Bond, Senator John Ashcroft and Congressman Jim Talent. He is also a former deputy chairman of the Republican National Committee and was national finance director for President George Walker Bush's presidential campaign. Mr. Oliver holds a B.A. degree in political science and communications from Vanderbilt University and a J.D. from the University of Missouri School of Law. Mr. Oliver brings to our board of directors his political acumen and experience with government policy-making and expertise in strategy development, acquired through his legal training and his extensive involvement with several successful senatorial, congressional and presidential campaigns, all of which inform his views with respect to the strategic direction of our company.

Ellen O. Tauscher, Director. Ellen Tauscher has served as a director since July 2012. Ms. Tauscher is a Senior Public Policy Advisor to Baker, Donelson, Bearman, Caldwell & Berkowitz, PC and has served in this role since August 2012. Ms. Tauscher also serves as a member of the board of directors of Invacare Corporation and Edison International. From February 2012 to August 2012, Ms. Tauscher served as Special Envoy for Strategic Stability and Missile Defense at the U.S. State Department. Ms. Tauscher was nominated in March 2009 by President Obama to serve as Under Secretary of State for Arms Control and International Security Affairs, which Ms. Tauscher served from June 2009 to February 2012. Prior to joining the State Department, Ms. Tauscher served from January 1997 to June 2009 as a member of the U.S. House of Representatives from California's 10th Congressional District. While a member of Congress, Ms. Tauscher served on the House Armed Services Committee and House Transportation and Infrastructure Committee and as the Chairman of the Strategic Forces Subcommittee of the House Armed Services Committee. Prior to serving in Congress, Ms. Tauscher worked in investment banking and the financial services industry in various roles for Bache Halsey Stuart Shields, Bear Stearns & Co. and Drexel Burnham Lambert and as an officer of the American Stock Exchange. Ms. Tauscher holds a B.S. degree in early childhood education from Seton Hall University. Ms. Tauscher brings to our board of directors her expertise in finance and strategy development and knowledge of government affairs acquired through her service at the State Department and in Congress as well as during her career in investment banking.

Scott N. Flanders, Director. Scott Flanders has served as a director since February 2008. Since July 2009, Mr. Flanders has served as the chief executive officer and director of Playboy Enterprises, Inc., a media and lifestyle company. Previously, Mr. Flanders served as the president and chief executive officer of Freedom Communications, Inc., a privately-owned media company, from January 2006 to June 2009, and as a member of its board of directors from 2001 to 2009. Freedom Communications, Inc. filed a voluntary petition under Chapter 11 of the U.S. Bankruptcy Code in September 2009. From 1999 to July 2005, Mr. Flanders served as the chairman and chief executive officer of Columbia House Company, a direct marketer of music and video products, which was acquired by Bertelsmann AG in July 2005. Mr. Flanders holds a B.A. degree in economics

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from the University of Colorado and a J.D. from Indiana University. He is also a certified public accountant. Mr. Flanders brings to our board of directors substantial management and operational expertise as a result of his leadership of several large media companies and his background in law and accounting, both of which are relevant to our overall business and the board's oversight of management.

Michael D. Goldberg, Director. Michael Goldberg has served as a director since June 1999. From January 2005 to May 2011, Mr. Goldberg was a partner at Mohr Davidow Ventures, a venture capital firm. From October 2000 to December 2004, Mr. Goldberg served as a managing director of Jasper Capital, a management and financial consultancy business. In 1995, Mr. Goldberg founded OnCare, Inc., an oncology practice management company, and served as its chairman until August 2001 and as its chief executive officer until March 1999. Mr. Goldberg previously served as president and chief executive officer of Axion, Inc., a cancer-focused healthcare service company. Mr. Goldberg holds a B.A. in philosophy from Brandeis University and an M.B.A. from the Stanford Graduate School of Business. Mr. Goldberg brings to our board of directors his broad background as a seasoned entrepreneur, senior executive and as a venture capital investor focusing on healthcare-related industries, all of which has provided him with deep understanding of the healthcare field and significant experience overseeing corporate strategy, evaluating operating strategy and evaluating business management teams.

Board Independence

The board of directors has determined that each of its current directors, except Gary L. Lauer and William T. Shaughnessy, is independent within the meaning of the NASDAQ Global Market director independence standards, as currently in effect. The board of directors appointed Mr. Livingston as lead independent director in May 2011.

Board of Directors Meetings

The board of directors held ten meetings during 2013. Each of our directors serving on the board of directors during 2013 attended at least 75% of the meetings held by the board of directors and by the committees on which such director served during 2013. The independent members of our board of directors meet in executive session without management present on a regular basis.

Committees of the Board of Directors

Our board of directors has an audit committee, a compensation committee, a nominating and corporate governance committee and an equity incentive committee, each of which has the composition and responsibilities described below. Each committee acts pursuant to written charters approved by the board of directors. The charters for the audit committee, compensation committee and nominating and corporate governance committee are available in the Investor Relations section of our corporate website at www.ehealth.com.

Audit Committee. The current members of our audit committee are Messrs. Goldberg and Livingston and Ms. Tauscher. Mr. Goldberg served as chairperson of the audit committee from May 2011 until April 2014. Ms. Tauscher was appointed chairperson of the audit committee in April 2014. Our board of directors has determined that each member of our audit committee meets the requirements for independence of the NASDAQ Global Market and the Securities and Exchange Commission. Our board of directors has also determined that Mr. Goldberg is an audit committee financial expert as defined in Securities and Exchange Commission rules. The audit committee held nine meetings during 2013.

Among other duties, our audit committee:

appoints a firm to serve as independent accountant to audit our financial statements;

discusses the scope and results of the audit with the independent accountant and reviews with management and the independent accountant our interim and year-end operating results;

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reviews the adequacy of our internal accounting controls and audit procedures;

approves (or, as permitted, pre-approves) all audit and non-audit services to be performed by the independent accountant; and

prepares the report that the Securities and Exchange Commission requires in our annual proxy statement.

The audit committee has the sole and direct responsibility for appointing, retaining and approving the compensation of our independent auditors and for overseeing their work. All audit services and all non-audit services, other than de minimis non-audit services, to be provided to us by our independent auditors are approved in advance by our audit committee.

Compensation Committee. The current members of our compensation committee are Messrs. Flanders, Higby and Oliver. Mr. Flanders is the chairperson of the compensation committee. Our board of directors has determined that each member of our compensation committee meets the applicable requirements for independence of the NASDAQ Global Market. The purpose of our compensation committee is to assist our board of directors in determining the compensation of our executive officers and directors. The compensation committee held six meetings during 2013.

Among other duties, our compensation committee:

establishes the corporate goals and objectives that pertain to the variable compensation of our chief executive officer;

evaluates our chief executive officer's performance;

determines our chief executive officer's compensation, based on evaluating his or her performance and other relevant criteria;

determines, in consultation with our chief executive officer, the compensation of our executive officers;

makes recommendations to our board of directors regarding the compensation of members of our board of directors;

makes recommendations to our board of directors regarding adopting or amending equity incentive plans (including changes in the number of shares reserved for issuance thereunder);

reviews and makes recommendations to our board of directors with respect to incentive compensation and equity plans;

administers our equity incentive plans and may delegate to another committee of our board of directors the concurrent authority to make such awards to individuals other than executive officers;

reviews and discusses with management the compensation discussion and analysis to be included in our proxy statement or annual report and issues any report required by the Securities and Exchange Commission to be included in our proxy statement or annual report; and

assesses risks relating to compensation plans and arrangements.

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Nominating and Corporate Governance Committee. The current members of our nominating and corporate governance committee are Messrs. Higby, Flanders and Oliver. Mr. Oliver is the chairperson of the nominating and corporate governance committee. Our board of directors has determined that each member of our nominating and corporate governance committee meets the applicable requirements for independence of the NASDAQ Global Market. The nominating and corporate governance committee held four meetings during 2013.

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Among other duties, our nominating and corporate governance committee:

identifies, evaluates and recommends nominees to our board of directors and committees of our board of directors;

conducts searches for appropriate members of the board of directors and oversees the evaluation of the performance of our board of directors and of individual directors; and

reviews developments in corporate governance practices and makes recommendations to the board of directors concerning corporate governance matters.

Equity Incentive Committee. The members of our equity incentive committee are Messrs. Flanders and Lauer. The equity incentive committee has the authority to grant equity-based awards within certain guidelines approved by the board of directors to employees and consultants who are not our executive officers or directors. Equity awards are granted by the equity incentive committee in accordance with the terms and conditions of the committee's charter and the Equity Award Policy (see description below) adopted by our board of directors. The equity incentive committee held no meetings during 2013.

Non-Employee Director Compensation*Cash Compensation*

For their service in 2013, our non-employee directors received cash compensation in accordance with the amounts set forth in the table below, except that the annual retainers for non-chair nominating and corporate governance committee members was increased from \$2,500 to \$3,500 effective as of July 1, 2013. More detail relating to the payments is set forth in the footnotes to the table under 2013 Director Compensation below. Our non-employee directors also are entitled to reimbursement of business, travel and other related expenses incurred in connection with their attendance at board of directors and board of directors committee meetings.

| Board of Directors Cash Compensation | Fees |
|--|-------------|
| Board Member Annual Retainer | \$ 30,000 |
| Lead Independent Director Annual Retainer | \$ 25,000 |
| Committee Chair Annual Retainers | |
| Audit Committee | \$ 25,000 |
| Compensation Committee | \$ 12,500 |
| Nominating and Corporate Governance Committee | \$ 7,500 |
| Non-Chair Committee Member Annual Retainers | |
| Audit Committee | \$ 10,000 |
| Compensation Committee | \$ 5,000 |
| Nominating and Corporate Governance Committee | \$ 3,500 |
| <i>Equity Compensation</i> | |

Pursuant to our 2006 Equity Incentive Plan, as amended, our board of directors approved a program of automatic equity award grants for non-employee directors on the terms specified below:

Initial Equity Grants. Each non-employee director who first becomes a member of our board of directors receives a one-time grant of restricted stock units (RSUs) with a value of \$150,000, based on the 20-day trading volume-weighted average trading price of eHealth common stock prior to the date of grant. These initial equity award grants occur when the director takes office. A director who previously was employed by us is not eligible for this grant. The RSUs vest annually over four years from the date of grant.

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Annual Equity Grants. Each non-employee director continuing service on our board of directors also receives, on the date of each annual stockholders meeting, an annual grant of RSUs with a value of

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\$150,000, based on the 20-day volume-weighted average trading price prior to the date of grant. The RSUs vest as to 100% of the shares subject to the grant on the day prior to our annual stockholder meeting, approximately one year following the grant date. A new director will not receive the initial grant and an annual grant in the same calendar year. A non-employee director who was previously employed by us is eligible for these annual grants.

Equity awards granted to non-employee directors under the 2006 Equity Incentive Plan will become fully vested upon a change in control of eHealth.

Stock Ownership Guidelines

Our board of directors has approved stock ownership guidelines for our non-employee directors. Pursuant to the guidelines, each non-employee director on June 30, 2011 is expected to accumulate and hold a number of shares of our common stock equal to the lesser of (i) \$180,000 in value or (ii) 13,709 shares and to maintain this minimum amount of stock ownership during the director's tenure on the board of directors. Existing non-employee directors are expected to achieve the applicable level of ownership by June 30, 2015.

Under the guidelines, each non-employee director who joins the board after June 30, 2011 is expected to accumulate and hold a number of shares of our common stock equal to the lesser of (i) a value equal to six times their annual retainer for service on the board of directors (not including retainers for serving as members or as chairs of committees of the board of directors, or for serving in the role of lead independent director), or (ii) the number of shares determined by dividing the dollar amount determined in clause (i) by the 20-day volume-weighted average trading price of our common stock prior to the date upon which they join the board of directors. Non-employee directors are expected to maintain this minimum amount of stock ownership during the director's tenure on the board of directors. New non-employee directors are expected to achieve the applicable level of ownership by June 30 following their fourth anniversary of joining the board of directors.

Non-employee directors are not required to purchase shares on the open market in order to comply with the guidelines. In the event the applicable guideline is not achieved with respect to any non-employee director by the applicable deadline, the non-employee director will be required to retain an amount equal to 75% of the net shares received as a result of the exercise of the company's stock options or stock appreciation rights or the vesting of restricted stock units or other full-value awards until the applicable guideline has been achieved. Under certain limited circumstances, the guidelines may be waived by our compensation committee at its discretion.

2013 Director Compensation

The following table summarizes compensation that our directors earned during 2013 for service on our board of directors and any applicable committee(s) thereof:

| Name | Fees Earned in Cash | Stock Awards(1) | Total |
|---------------------------|----------------------------|------------------------|--------------|
| Gary L. Lauer(2) | \$ | \$ | \$ |
| William T. Shaughnessy(2) | \$ | \$ | \$ |
| Scott N. Flanders(3) | \$ 45,500 | \$ 153,601 | \$ 199,101 |
| Michael D. Goldberg(4) | \$ 55,000 | \$ 153,601 | \$ 208,601 |
| Lawrence M. Higby(5) | \$ 38,000 | \$ 153,601 | \$ 191,601 |
| Randall S. Livingston(6) | \$ 65,000 | \$ 153,601 | \$ 218,601 |
| Jack L. Oliver, III(7) | \$ 42,500 | \$ 153,601 | \$ 196,101 |
| Ellen O. Tauscher(8) | \$ 40,000 | \$ 153,601 | \$ 193,601 |

- (1) Amounts shown do not reflect compensation actually received. Amounts shown reflect the grant date fair value of the restricted stock units granted in 2013, computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, *Compensation - Stock Compensation*

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(FASB ASC Topic 718). Our accounting policies regarding equity compensation and the assumptions used to compute the fair value of our equity awards are set forth in Notes 1 and 4 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2013.

- (2) Messrs. Lauer and Shaughnessy do not receive any compensation for their services as members of our board of directors.
- (3) Mr. Flanders earned \$30,000 related to his annual retainer as a non-employee member of the board of directors, \$12,500 related to his position as the chairperson of the compensation committee and \$3,000 related to his position as a member of the nominating and corporate governance committee.
- (4) Mr. Goldberg earned \$30,000 related to his annual retainer as a non-employee member of the board of directors and \$25,000 related to his position as chairperson of the audit committee.
- (5) Mr. Higby earned \$30,000 related to his annual retainer as a non-employee member of the board of directors, \$5,000 related to his position as a member of the compensation committee and \$3,000 related to his position as a member of the nominating and corporate governance committee.
- (6) Mr. Livingston earned \$30,000 related to his annual retainer as a non-employee member of the board of directors, \$25,000 related to his position as lead independent director and \$10,000 related to his position as a member of the audit committee.
- (7) Mr. Oliver earned \$30,000 related to his annual retainer as a non-employee member of the board of directors and \$7,500 related to his position as chairperson of the nominating and corporate governance committee and \$5,000 related to his position as a member of the compensation committee.
- (8) Ms. Tauscher earned \$30,000 related to her annual retainer as a non-employee member of the board of directors and \$10,000 related to her position as a member of the audit committee.

All of our non-employee directors have received options to purchase shares of our common stock and/or restricted stock units under our 1998 Stock Plan, 2005 Stock Plan or 2006 Equity Incentive Plan in connection with their service as members of our board of directors. The table below summarizes the options and restricted stock units held by our non-employee directors that were outstanding as of December 31, 2013.

| Director | Grant Date | Type of Award | Shares Granted | Number of Securities Underlying Equity Awards | | | Option Exercise Price |
|---------------------|------------|---------------------------|----------------|---|---|--|-----------------------|
| | | | | Shares Subject to Unexercised Options Outstanding and Unreleased Restricted Stock Units as of December 31, 2013 | Aggregate Stock Options Outstanding as of December 31, 2013 | Aggregate Restricted Stock Units Outstanding as of December 31, 2013 | |
| Scott N. Flanders | 2/29/08 | Stock Option(1) | 25,000 | 25,000 | | | \$ 24.49 |
| | 6/9/09 | Stock Option(4) | 3,250 | 3,250 | | | \$ 17.76 |
| | 6/15/2010 | Stock Option(4) | 7,500 | 7,500 | | | \$ 12.20 |
| | 6/13/2013 | Restricted Stock Units(4) | 6,076 | 6,076 | 35,750 | 6,076 | |
| Michael D. Goldberg | 6/6/07 | Stock Option(1) | 6,250 | 6,250 | | | \$ 19.25 |
| | 6/10/08 | Stock Option(3) | 6,250 | 6,250 | | | \$ 23.49 |
| | 6/9/09 | Stock Option(4) | 3,250 | 3,250 | | | \$ 17.76 |
| | 6/15/2010 | Stock Option(4) | 7,500 | 7,500 | | | \$ 12.20 |
| | 6/13/2013 | Restricted Stock Units(4) | 6,076 | 6,076 | 23,250 | 6,076 | |
| Lawrence M. Higby | 9/11/08 | Stock Option(1) | 25,000 | 25,000 | 35,750 | 6,076 | \$ 14.76 |
| | 6/9/09 | Stock Option(4) | 3,250 | 3,250 | | | \$ 17.76 |

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| | | | | | | |
|-----------------------|-----------|---------------------------|--------|--------|--------|----------|
| | 6/15/2010 | Stock Option(4) | 7,500 | 7,500 | | \$ 12.20 |
| | 6/13/2013 | Restricted Stock Units(4) | 6,076 | 6,076 | | |
| Randall S. Livingston | 12/17/08 | Stock Option(1) | 10,000 | 10,000 | | \$ 12.40 |
| | 6/9/09 | Stock Option(4) | 3,250 | 3,250 | | \$ 17.76 |
| | 6/15/2010 | Stock Option(4) | 7,500 | 7,500 | | \$ 12.20 |
| | 6/13/2013 | Restricted Stock Units(4) | 6,076 | 6,076 | 20,750 | 6,076 |

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| Director | Grant Date | Type of Award | Shares Granted | Number of Securities Underlying Equity Awards | | | Option Exercise Price |
|---------------------|------------|---------------------------|----------------|---|---|--|-----------------------|
| | | | | Shares Subject to Unexercised Options Outstanding and Unreleased Restricted Stock Units as of December 31, 2013 | Aggregate Stock Options Outstanding as of December 31, 2013 | Aggregate Restricted Stock Units Outstanding as of December 31, 2013 | |
| Jack L. Oliver, III | 3/20/07 | Stock Option(1) | 6,250 | 6,250 | | | \$ 25.08 |
| | 6/6/07 | Stock Option(1) | 6,250 | 6,250 | | | \$ 19.25 |
| | 6/10/08 | Stock Option(3) | 6,250 | 6,250 | | | \$ 23.49 |
| | 6/9/09 | Stock Option(4) | 3,250 | 3,250 | | | \$ 17.76 |
| | 6/15/2010 | Stock Option(4) | 7,500 | 7,500 | | | \$ 12.20 |
| | 6/13/2013 | Restricted Stock Units(4) | 6,076 | 6,076 | 29,500 | 6,076 | |
| Ellen O. Tauscher | 7/2/2012 | Restricted Stock Units(2) | 9,636 | 7,227 | | | |
| | 6/15/2013 | Restricted Stock Units(4) | 6,076 | 6,076 | | 13,303 | |

- (1) Option vests over four years at a rate of 25% after one year and 1/48th per month thereafter, so long as the holder continues to serve as a director.
- (2) Restricted stock unit vests 25% annually over four years from the grant date.
- (3) Option vests as to 100% of the shares subject to the grant on the earlier of (i) the one-year anniversary of the grant date or (ii) the day prior to our annual stockholder meeting approximately one year following the grant date.
- (4) Option or restricted stock unit vests as to 100% of the shares subject to the grant on the day prior to our annual stockholder meeting approximately one year following the grant date.

Executive Officers

The following table sets forth our current executive officers and their ages and the positions they held as of April 27, 2014.

| Name | Age | Title |
|------------------------|-----|--|
| Gary L. Lauer | 61 | Chairman of the Board of Directors and Chief Executive Officer |
| William T. Shaughnessy | 49 | Director, President and Chief Operating Officer |
| Stuart M. Huizinga | 51 | Senior Vice President and Chief Financial Officer |
| Robert S. Hurley | 54 | Senior Vice President of Sales and Operations |
| Tom G. Tsao | 43 | Senior Vice President of Product Management |

Information pertaining to Mr. Lauer and Mr. Shaughnessy, each of whom is both a director and an executive officer of the company, may be found in the section entitled Directors Not Standing for Election.

Stuart M. Huizinga. Senior Vice President and Chief Financial Officer. Mr. Huizinga has served as our senior vice president and chief financial officer since May 2000. Previously, Mr. Huizinga was a partner at Arthur Andersen LLP, an accounting firm. Mr. Huizinga holds a B.S. degree in business administration from San Jose State University and is a certified public accountant (inactive) in the state of California.

Robert S. Hurley. Senior Vice President of Sales and Operations. Mr. Hurley has served as our senior vice president of sales and operations since March 2011. Prior to becoming senior vice president of sales and operations, Mr. Hurley served as our senior vice president of carrier

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relations since May 2007 and our vice president of strategic initiatives from September 2003 to May 2007, in which role he was responsible for our public and government relations efforts. From April 1999 to September 2003, Mr. Hurley was responsible for our customer care and enrollment functions. Prior to joining us, Mr. Hurley served as an associate vice president of sales and operations for the consumer business segment at Health Net, Inc., a managed healthcare company, and in various leadership roles at Foundation Health, a California health plan. Mr. Hurley holds a B.A. degree in law and society from the University of California, Santa Barbara.

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Tom G. Tsao, Senior Vice President of Product Management. Mr. Tsao has served as our senior vice president of product management since June 2012. Mr. Tsao was vice president of product management at Walmart.com from May 2011 to June 2012. Before joining Walmart.com, Mr. Tsao spent six years at Yahoo! Inc. where he held various senior management positions from August 2005 to May 2011, including serving as Yahoo's vice president of global product planning and business management and vice president of product management for integrated consumer experiences, in addition to various other product management positions. Prior to Yahoo!, Mr. Tsao spent four years at eBay overseeing the buyer and seller tools business unit. Mr. Tsao also spent five years at Netscape in various product management roles. Mr. Tsao holds a B.A. degree in quantitative economics from Stanford University.

Corporate Governance Matters

Code of Business Conduct

Our board of directors has adopted a Code of Business Conduct, which is applicable to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer and persons performing similar functions. The Code of Business Conduct is available in the Investor Relations section of our corporate website at www.ehealth.com.

Corporate Governance Guidelines

Our board of directors has adopted Guidelines on Significant Corporate Governance Issues, or corporate governance guidelines, that address the role and composition of, and policies applicable to, the board of directors. The nominating and corporate governance committee annually reviews the guidelines and reports any recommendations regarding amendment thereof to our board of directors. Our corporate governance guidelines were amended in March 2014 and are available in the Investor Relations section of our corporate website at www.ehealth.com.

Equity Award Policy

Our board of directors adopted an Equity Award Policy in November 2006, which was amended and restated in May 2009. The policy provides:

Our compensation committee may grant equity awards to our directors, officers, employees or consultants.

Our equity incentive committee may grant equity awards to our employees or consultants, subject to the limitations that (i) the recipient has not already received an equity award from us, (ii) the recipient is not an officer or director, and (iii) the equity incentive committee may not grant options to purchase shares of our common stock or stock appreciation rights for more than 50,000 shares per grantee, and may not grant restricted stock or restricted stock units for more than 20,000 shares per grantee, unless the compensation committee approves a revised limit.

For accounting, tax and securities law purposes, all awards are effective on the date of grant, which is the earliest day that is both (i) the third Tuesday of a month and (ii) at least the 10th business day after the date when the applicable committee approved the awards.

The exercise price of all options and stock appreciation rights is required to be equal to or greater than the closing price of our common stock on the date of grant.

Insider Trading Compliance Program

Our board of directors adopted an Insider Trading Compliance Program in August 2006, which was amended and restated in March 2014. The program prohibits trading of our securities based on material,

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nonpublic information regarding our company and applies to members of our and our subsidiaries' boards of directors and employees, including executive officers and consultants, and, in each case, their related parties (collectively, the "Insiders"). The Insiders are generally prohibited from, among other things, trading on material, nonpublic information, holding our securities in a margin account or pledging our securities as collateral for a loan, tipping, trading during our trading blackout period, conducting short sales of our securities, trading in derivative securities (e.g., puts, calls, or other similar hedging instruments) relating our securities, placing open orders with brokers in violation of the program, and disclosing nonpublic information relating to our company and our subsidiaries on any forum.

Consideration of Director Nominees

Stockholder Recommendations and Nominations. The policy of our board of directors is to consider recommendations for director candidates from stockholders holding not less than one percent (1%) of the outstanding shares of our common stock continuously for at least twelve months prior to the date of submission of the recommendation. Our board of directors has established the following procedures by which these stockholders may submit recommendations regarding director candidates:

To recommend a candidate for election to the board of directors, a stockholder meeting the criteria set forth above must notify the nominating and corporate governance committee by writing to our general counsel at the following address:

General Counsel (Director Recommendation)

eHealth, Inc.

440 East Middlefield Road

Mountain View, California 94043

The stockholder's notice is required to set forth the following information:

the candidate's name and home and business contact information;

detailed biographical data and relevant qualifications of the candidate;

a statement from the recommending stockholder in support of the candidate, particularly within the context of the criteria for board membership set forth below;

information regarding any relationship between the candidate and us;

the candidate's written consent to be named in our proxy statement and proxy if selected and to serve on our board of directors if elected;

evidence of the required ownership of common stock by the recommending stockholder; and

other information that the stockholder believes is relevant in considering the candidate.

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A stockholder that instead desires to nominate a person directly for election to the board of directors at an annual meeting of stockholders must meet the deadlines and other requirements set forth in our bylaws.

Director Qualifications. Our board of directors believes that it is necessary for each of our directors to possess many qualities, skills and attributes. The nominating and corporate governance committee is responsible for reviewing with the board of directors from time to time the appropriate qualities, skills and attributes required of members of our board of directors in the context of the current make-up of our board of directors. According to our corporate governance guidelines, the nominating and corporate governance committee will consider the following in connection with its evaluation of director candidates:

the current size, composition and organization of the board of directors and the needs of the board of directors and its committees;

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such factors as character, integrity, judgment, diversity of experience, independence, area of expertise, corporate experience, length of service, potential conflicts of interest and other commitments; and

other factors as the nominating and corporate governance committee may consider appropriate.

The minimum qualifications and skills that each director should possess include (i) strong professional and personal ethics and values, (ii) broad experience at the policy-making level in business, government, education, technology or public interest and (iii) the ability to assist and make significant contributions to our success. As provided above, our corporate governance guidelines specify one of the considered factors as diversity of experience. Beyond this statement, our nominating and corporate governance committee does not have a formal policy with respect to diversity. The board of directors and nominating and corporate governance committee, however, believe that it is important that our directors represent diverse viewpoints. In addition to diversity of experience, the nominating and corporate governance committee seeks director candidates with a broad diversity of professions, skills and backgrounds.

The nominating and corporate governance committee evaluates the foregoing factors, among others, and does not assign any particular weight or priority to any of these factors.

Identification and Evaluation of Nominees for Directors. The nominating and corporate governance committee is responsible for identifying, evaluating and recommending candidates for election to our board of directors and candidates for filling vacancies on our board of directors that may occur between annual meetings of our stockholders. The nominating and corporate governance committee may consider bona fide candidates from all relevant sources, including current board members, professional search firms and other persons. The nominating and corporate governance committee will also consider bona fide director candidates recommended by stockholders pursuant to the requirements set forth above. The nominating and corporate governance committee is responsible for evaluating director candidates in light of the board of directors membership criteria described above, based on all relevant information and materials available to the nominating and corporate governance committee. This includes information and materials provided by stockholders recommending director candidates, professional search firms and other parties.

Stockholder Communication with Directors

The board of directors believes that stockholders should have an opportunity to communicate with the board of directors. Any communication from a stockholder to the board of directors generally or to a particular director should be in writing and should be delivered to our general counsel at our principal executive offices. Each such communication should set forth (i) the name and address of the stockholder, as they appear on our books, and if the stock is held by a nominee, the name and address of the beneficial owner of the stock, and (ii) the class and number of shares of our stock that are owned of record by the record holder and beneficially by such beneficial owner. Our general counsel will monitor these communications. The general counsel will, in consultation with appropriate directors as necessary, generally screen out communications from stockholders that (i) are solicitations for products and services, (ii) matters of a personal nature not relevant for stockholders or (iii) matters that are of a type that render them improper or irrelevant to the functioning of the board of directors and us. Summaries of appropriate communications will be provided to the board of directors at each regularly scheduled meeting of the board of directors. The board of directors generally meets on a quarterly basis. Where the nature of a communication warrants, the general counsel may determine, in his or her judgment, to obtain the more immediate attention of the appropriate committee of the board of directors or an individual director and may consult our independent advisors or management regarding the communication. The general counsel may decide in the exercise of his or her judgment whether a response to any stockholder communication is necessary.

The procedures described above do not apply to communications to non-employee directors from our officers or directors who are stockholders or to stockholder proposals submitted pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the Exchange Act).

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Attendance at Annual Meeting of Stockholders

The board of directors encourages directors to attend our annual meetings of stockholders. All of our directors attended the annual meeting of stockholders held June 13, 2013.

Compensation Committee Interlocks and Insider Participation

The directors who were members of our compensation committee during 2013 were Scott N. Flanders, Lawrence M. Higby and Jack L. Oliver, III. None of the current or past members of our compensation committee has at any time been an officer or employee of ours. None of our executive officers serves, or in the past fiscal year has served, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our board of directors or compensation committee.

Board Leadership Structure

The board of directors currently believes that our company is best served by combining the roles of chairman of the board and chief executive officer, coupled with a lead independent director. Gary Lauer, our chief executive officer, is the director most familiar with our business and industry, and most capable of effectively identifying strategic priorities and leading the discussion and execution of strategy. Independent directors and management have different perspectives and roles in the development of our strategy. Our independent directors bring experience, oversight and expertise from outside the company, while our chief executive officer brings company-specific experience and expertise. Our board of directors believes that the combined role of chairman and chief executive officer is the best leadership structure for us at the current time as it promotes the efficient and effective development and execution of our strategy and facilitates information flow between management and our board of directors. The board of directors recognizes, however, that no single leadership model is right for all companies at all times. Our corporate governance guidelines provide that the board of directors should be free to choose a chairperson of the board in any way that it deems best for the company at a given point in time. Accordingly, the board of directors periodically reviews its leadership structure.

Lead Independent Director

Mr. Livingston served as lead independent director from May 2011 to April 2014. In April 2014, our board of directors appointed Mr. Goldberg as lead independent director. The lead independent director is responsible for coordinating the activities of the independent directors. The lead independent director has the following specific responsibilities:

call special meetings of the independent directors, develop agendas for such meetings and chair all meetings of independent directors;

serve as chairperson of the board of directors when the chairperson is not present;

serve as a conduit between the non-employee directors and the chairperson of the board of directors on sensitive issues;

work with the chairperson of the board of directors to develop a schedule of meetings for the board and provide input with respect to meeting agendas for the board of directors and its committees;

advise the chairperson of the board of directors with respect to the quality, quantity and timeliness of the flow of information from company management;

recommend to the chairperson of the board of directors the retention of advisors and consultants who report directly to the board;

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with the chairperson and the chief executive officer, coordinate the assessment of committee structure, organization and charters, and evaluate the need for any changes;

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coordinate the performance evaluation of the chairperson and chief executive officer with the compensation committee;

review and approve the philosophy of and program for compensation of the outside directors; and

be available for consultation and communication with significant stockholders, as requested.

Risk Oversight

The board of directors takes an active role, as a whole and at the committee level, in overseeing management of the company's risks. Our management keeps the board of directors apprised of significant risks facing the company and the approach being taken to understand, manage and mitigate such risks. Specifically, strategic risks are overseen by the full board of directors; financial risks are overseen by the audit committee of the board of directors; and risks relating to compensation plans and arrangements are overseen by the compensation committee of the board of directors; and risks associated with director independence and potential conflicts of interest are overseen by the nominating and corporate governance committee of the board of directors. Additional review or reporting on enterprise risks is conducted as needed or as requested by the full board of directors or the appropriate committee.

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The following table sets forth certain information, as of March 31, 2014, as to shares of common stock beneficially owned by: (i) each person who is known by us to own beneficially more than 5% of our common stock, (ii) each of our directors and nominees, (iii) each of our executive officers named under *Executive Compensation, Say-on-Pay, Independence of Advisors Compensation Discussion and Analysis 2013 Summary Compensation Table* (the Named Executive Officers) and (iv) all of our directors and executive officers as a group. The information provided in the table is based on our records, information filed with the Securities and Exchange Commission and information furnished by the respective individuals or entities, as the case may be.

Applicable percentage ownership is based on 19,017,344 shares of common stock outstanding at March 31, 2014. In computing the number of shares of common stock beneficially owned by a person and the percentage ownership of that person, we deemed outstanding shares of common stock subject to options held by that person that were currently exercisable or exercisable within 60 days after March 31, 2014, and shares of common stock issuable upon the vesting of restricted stock units within 60 days after March 31, 2014. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person.

We have determined beneficial ownership in accordance with the rules of the Securities and Exchange Commission. Except as indicated in the footnotes below, we believe, based on the information furnished to us, that the persons and entities named in the table below have sole voting and investment power with respect to all shares of common stock that they beneficially own, subject to applicable community property laws.

| Name and Address of Beneficial Owner(1) | Number of Shares Beneficially Owned | Percentage of Shares Beneficially Owned* |
|--|--|--|
| 5% Stockholders | | |
| Wellington Management Company, LLP(2) 280 Congress Street Boston, MA 02210 | 2,561,236 | 13.47% |
| Entities affiliated with BlackRock, Inc.(3) 40 East 52nd Street New York, NY 10022 | 1,685,523 | 8.86% |
| Entities affiliated with HealthCor Management, L.P.(4) Carnegie Hall Tower 152 West 57th Street, 43rd Floor New York, NY 10019 | 1,600,600 | 8.42% |
| Vanguard Explorer Fund(5) 100 Vanguard Blvd. Malvern, PA 19355 | 1,538,565 | 8.10% |
| Entities affiliated with Wells Fargo & Company(6) 420 Montgomery Street San Francisco, CA 94104 | 1,278,577 | 6.72% |
| Entities affiliated with RS Investment Management Co. LLC(7) 388 Market Street, Suite 1700 | 1,092,996 | 5.75% |

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San Francisco, CA 94111

T. Rowe Price Associates, Inc.(8)

1,050,900

5.53%

100 East Pratt Street

Baltimore, MD 21202

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| Name and Address of Beneficial Owner(1) | Number of Shares Beneficially Owned | Percentage of Shares Beneficially Owned* |
|---|-------------------------------------|--|
| Executive Officers and Directors | | |
| Gary L. Lauer(9) | 550,859 | 2.90% |
| William T. Shaughnessy(10) | 185,725 | * |
| Stuart M. Huizinga(11) | 112,513 | * |
| Robert S. Hurley(12) | 55,530 | * |
| Scott N. Flanders(13) | 65,090 | * |
| Michael D. Goldberg(14) | 68,009 | * |
| Lawrence M. Higby(15) | 61,090 | * |
| Randall S. Livingston(16) | 42,903 | * |
| Jack L. Oliver, III(17) | 57,369 | * |
| Ellen O. Tauscher | 2,409 | * |
| All executive officers and directors, as a group (11 persons)(18) | 1,205,985 | 6.36% |

* Represents beneficial ownership of less than one percent of our outstanding common stock.

- (1) Unless otherwise indicated, the address for each beneficial owner is c/o eHealth, Inc., 440 East Middlefield Road, Mountain View, CA 94043.
- (2) According to a Schedule 13G filed with the Securities and Exchange Commission, Wellington Management Company, LLP, in its capacity as investment adviser, may be deemed to beneficially own 2,561,236 shares of our common stock which are owned of record by clients of Wellington Management Company, LLP. Those clients have the right to receive, or the power to direct the receipt of, dividends from, or the proceeds from the sale of, such securities. No such client, except Vanguard Explorer Fund, is known to have such right or power with respect to more than 5% of the total outstanding shares of our common stock.
- (3) According to a Schedule 13G filed with the Securities and Exchange Commission, 1,685,523 shares of common stock are deemed to be beneficially owned by BlackRock, Inc. and certain of its subsidiaries on behalf of various other persons known to have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of our common stock. No one such person's interest in our common stock is more than 5% of the total outstanding shares of our common stock.
- (4) According to a Schedule 13G filed with the Securities and Exchange Commission, collectively, HealthCor Offshore Master Fund, L.P. and HealthCor Long Offshore Master Fund, L.P. (each a Fund and together, the Funds) are the beneficial owners of a total of 1,600,600 shares of our common stock. HealthCor Offshore GP, LLC is the general partner of HealthCor Offshore Master Fund, L.P. Accordingly, HealthCor Offshore GP, LLC may be deemed to beneficially own the shares of our common stock that are beneficially owned by HealthCor Offshore Master Fund, L.P. HealthCor Group, LLC is the general partner of HealthCor Offshore GP, LLC and, therefore, may be deemed to beneficially own the shares of our common stock that are beneficially owned by HealthCor Offshore Master Fund, L.P. By virtue of its position as the investment manager of the Funds, HealthCor Management, L.P. may be deemed a beneficial owner of all the shares of our common stock owned by the Funds. HealthCor Associates, LLC is the general partner of HealthCor Management, L.P. and thus may also be deemed to beneficially own the shares of our common stock that are beneficially owned by the Funds. As the Managers of HealthCor Associates, LLC, Arthur Cohen and Joseph Healey exercise both voting and investment power with respect to the shares of our common stock, and therefore each may be deemed a beneficial owner of such common stock. Each of the reporting persons disclaims any beneficial ownership of any such shares of common stock in excess of their actual pecuniary interest therein.
- (5) According to a Schedule 13G filed with the Securities and Exchange Commission, Vanguard Explorer Fund is the beneficial owner of 1,538,565 shares of our common stock as of December 31, 2013.
- (6) According to a Schedule 13G filed with the Securities and Exchange Commission, Wells Fargo & Company and certain of its subsidiaries (Wells Capital Management Incorporated; Wells Fargo Advisors Financial Network, LLC; Wells Fargo Funds Management, LLC; Wells Fargo Bank, National Association; and Wells Fargo Advisors, LLC) beneficially own 1,278,577 shares of our common stock, of which Wells Capital Management Incorporated beneficially owns 1,223,008 shares of our common stock.

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- (7) According to a Schedule 13G filed with the Securities and Exchange Commission, the clients of RS Investment Management Co. LLC, including investment companies registered under the Investment Company Act of 1940 and other managed accounts, have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of our common stock. No individual client's holdings of our common stock are more than 5% of the total outstanding shares of our common stock.
- (8) According to a Schedule 13G filed with the Securities and Exchange Commission, T. Rowe Price Associates, Inc. does not serve as custodian of the assets of any of its clients; accordingly, in each instance only the client or the client's custodian or trustee bank has the right to receive dividends paid with respect to, and proceeds from the sale of, such securities. The ultimate power to direct the receipt of dividends paid with respect to, and the proceeds from the sale of, such securities, is vested in the individual and institutional clients which T. Rowe Price Associates, Inc. serves as investment adviser. Any and all discretionary authority which has been delegated to T. Rowe Price Associates, Inc. may be revoked in whole or in part at any time. Because the Schedule 13G was not a joint filing with one of the registered investment companies sponsored by T. Rowe Price Associates, Inc. which it also serves as investment adviser (T. Rowe Price Funds), it is presumed that not more than 5% of the class of such securities is owned by any one client subject to the investment advice of T. Rowe Price Associates, Inc. With respect to securities owned by any one of the T. Rowe Price Funds, only State Street Bank and Trust Company, as custodian for each of such Funds, has the right to receive dividends paid with respect to, and proceeds from the sale of, such securities. No other person is known to have such right, except that the shareholders of each such Fund participate proportionately in any dividends and distributions so paid.
- (9) Includes 355,132 shares of common stock issuable upon exercise of stock options.
- (10) Includes 173,329 shares of common stock issuable upon exercise of stock options and 6,250 shares of common stock issuable upon vesting of restricted stock units.
- (11) Includes 88,686 shares of common stock issuable upon exercise of stock options.
- (12) Includes 47,832 shares of common stock issuable upon exercise of stock options.
- (13) Includes 35,750 shares of common stock issuable upon exercise of stock options.
- (14) Includes 19,419 shares of common stock held of record by Michael D. Goldberg Family Trust dated June 3, 2011. Also includes 23,250 shares of common stock issuable upon exercise of stock options.
- (15) Includes 35,750 shares of common stock issuable upon exercise of stock options.
- (16) Includes 20,750 shares of common stock issuable upon exercise of stock options.
- (17) Includes 29,500 shares of common stock issuable upon exercise of stock options.
- (18) Includes an aggregate of 811,229 shares of common stock issuable upon exercise of stock options and 6,250 shares of common stock issuable upon vesting of restricted stock units.

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CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

We describe below transactions and series of similar transactions, since the beginning of our last fiscal year, or any currently proposed transaction, to which we were or will be a participant, in which:

The amounts involved exceeded or will exceed \$120,000; and

A director, executive officer, holder of more than 5% of our common stock or any member of their immediate family had or will have a direct or indirect material interest.

We also describe below certain other transactions with our directors, executive officers and stockholders.

Board Compensation

We pay non-employee directors for service on our board of directors. Our non-employee directors also have received options to purchase shares of our common stock and restricted stock units covering shares of our common stock. For more information regarding these arrangements, see *Non-Employee Director Compensation* above.

Employment Agreements

We have entered into offer letters or employment related agreements with each of our executive officers. For more information regarding certain of these arrangements, see *Executive Compensation, Say-on-Pay, Independence of Advisors Employment Agreements and Change of Control Arrangements* below.

Indemnification Agreements and Limitation of Liability

Our certificate of incorporation and bylaws provide that we will indemnify our directors and officers to the fullest extent permitted by Delaware law, as it now exists or may in the future be amended, against all expenses and liabilities reasonably incurred in connection with their service for or on our behalf. Our bylaws provide that we shall advance the expenses incurred by a director or officer in advance of the final disposition of an action or proceeding, and permit us to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her action in that capacity, regardless of whether Delaware law would otherwise permit indemnification. In addition, our certificate of incorporation provides that our directors will not be personally liable for monetary damages to us for breaches of their fiduciary duty as directors, unless they violated their duty of loyalty to us or our stockholders, acted in bad faith, knowingly or intentionally violated the law, authorized illegal dividends or redemptions or derived an improper personal benefit from their action as directors.

We have entered into indemnification agreements with each of our directors and executive officers. These agreements, among other things, require us to indemnify each director and executive officer to the fullest extent permitted by Delaware law, including indemnification of expenses such as attorneys' fees, judgments, fines and settlement amounts incurred by the director or executive officer in any action or proceeding, including any action or proceeding by or in right of us, arising out of the person's services as a director or executive officer.

Equity Award Grants

We have granted restricted stock units and options to purchase shares of our common stock to our directors and executive officers. See *Non-Employee Director Compensation, Executive Compensation, Say-on-Pay, Independence of Advisors Compensation Discussion and Analysis Compensation Elements Equity Incentive Awards* and *Executive Compensation, Say-on-Pay, Independence of Advisors 2013 Outstanding Equity Awards at Fiscal Year-End, 2013 Option Exercises and Stock Vested at Fiscal Year-End*.

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Policies and Procedures with Respect to Related-Party Transactions

The charter of our audit committee requires that members of the audit committee, all of whom are independent directors, review and oversee all related-party transactions in accordance with applicable rules and regulations. In addition, the audit committee is responsible for reviewing, approving and monitoring our Code of Business Conduct. Our Code of Business Conduct prohibits conflicts of interest as a matter of policy, except with the informed written consent of our board of directors or a committee of our board of directors in the case of a director or executive officer. There were no related-party transactions during 2013 that did not require review, approval or ratification pursuant to our policies and procedures, or for which such policies and procedures were not followed. None of our directors were involved in any related-party transactions.

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EXECUTIVE COMPENSATION, SAY-ON-PAY, INDEPENDENCE OF ADVISORS

Compensation Discussion and Analysis

Overview

This compensation discussion and analysis describes our executive compensation program and philosophy and the material elements of compensation awarded to, earned by, or paid to our chief executive officer, chief financial officer and our other executive officers named in the Summary Compensation Table, or Named Executive Officers, for the year ended December 31, 2013.

Our Business Environment and Certain Achievements

Our strategy is focused on strengthening our position as the leading online distribution platform for health insurance and diversifying into new business areas where this platform may be leveraged. Given that the health insurance industry is highly regulated and has been impacted significantly by recent legislative developments, including the passage and implementation of health care reform and the Affordable Care Act, we have had to adjust quickly to regulatory changes. We believe that we've been successful in executing on our strategic goals and ensuring that eHealth's value proposition remains strong in the changing regulatory landscape. Our online platform continued to gain traction with consumers in 2013 as evidenced by growth in visitors, submitted health insurance applications and revenue generating members as of the end of the year. As of the end of 2013, we had delivered uninterrupted membership growth since we became a publicly traded company in 2006, despite challenges presented by the initial implementation of the Affordable Care Act. Our estimated membership grew in excess of 60% from the end of 2010 through year-end 2013, or a 17% compounded annual growth rate. We also continued to improve the user experience on our online platform by adding new tools and functionalities, increasing the breadth of our product offerings and creating educational content for consumers.

Over the past three years we successfully leveraged our technology to enter into the market of selling Medicare related health insurance. Our Medicare business contributed 22% of our revenue in 2013 compared to 6% in 2010. Our estimated total Medicare related health insurance plan membership was 118,000 at the end of 2013. In contrast, we had no Medicare related health insurance plan members at the beginning of 2010 and generated limited Medicare health insurance plan revenues through sale of leads to others. In 2013 we also started to penetrate the employer-based private health insurance exchange market through relationships with other entities, and we expect private employer-based exchanges to be a fast growing segment of the health insurance industry over the next several years.

In 2013 we entered into an agreement with the Centers for Medicare and Medicaid Services that would allow us to enroll subsidy-eligible individuals into qualified health plans through the health insurance exchange operated by the federal government under the Affordable Care Act. While we are dependent upon the federal government to be able to enroll health care reform subsidy-eligible individuals into qualified health plans through the federal exchange and have not yet integrated with the exchange to be able to enroll individuals online into qualified health plans, our entering into the agreement is a meaningful achievement and a testament to our success in maintaining and enhancing our value proposition in the face of change.

Our revenue growth accelerated meaningfully in 2013 driven largely by membership expansion in each of our key product areas including individual and family plan, Medicare and ancillary health insurance products. Our 2013 annual revenue was \$179 million, a 15% year-over-year increase. For comparison purposes, in 2012 our total revenue grew 3% on a year-over-year basis. At the same time, our recent financial results reflect an increased spend as we pursued membership growth, opportunities related to the Affordable Care Act and penetration of new business areas. While we invested in growth, eHealth remained solidly profitable for the full year 2013 with operating income of \$3.7 million. In 2013 we also generated \$21 million in cash flow from operations and finished the year with \$107 million in cash on our balance sheet and no debt.

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We believe the market has recognized our achievements and our strategy as our stock price has increased from \$14.70 at the end of 2011 to \$46.49 at the end of 2013.

Executive Compensation Summary

Pay for Performance

The focus of our executive compensation program is pay for performance. Accordingly, while we pay competitive base salaries and other benefits, the majority of our Named Executive Officers' compensation opportunity is based on variable pay based on company performance. During 2013, the compensation of our Named Executive Officers primarily consisted of base salary, an annual cash incentive award, and long-term equity incentive awards in the forms of time-based restricted stock units (except for our chief executive officer) and performance-based restricted stock units. For 2013, our chief executive officer and our other Named Executive Officers were eligible to earn up to approximately 80% and 69% (on average), respectively, of their total cash and equity compensation in the form of variable annual cash incentives and long-term equity incentives, in each case excluding the value of all other types of compensation, such as benefits.

The following charts illustrate the 2013 pay mix of our chief executive officer and the average pay mix of our other Named Executive Officers. For purposes of the charts, the annual cash incentive and long-term equity incentive percentages are calculated based on the target incentives, assuming all performance criteria were met and cash bonuses were awarded and performance-based restricted stock units were earned at 100% of the target level. The amounts calculated and represented in the charts below do not reflect the actual amounts awarded to our chief executive officer and other Named Executive Officers. The long term equity incentive percentages are calculated using the grant date fair value of the restricted stock units underlying the target long-term equity incentive, computed in accordance with FASB ASC Topic 718. The charts do not account for payments we make for health and life insurance benefits and 401(k) matching contributions that are generally available to our employees.

The annual cash incentives and performance-based, long-term equity incentives for our chief executive officer and Named Executive Officers were earned based on the company's performance in 2013.

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Corporate Governance Best Practices

Our compensation committee, assisted by its independent compensation consultant, Radford, an Aon Hewitt Company (Radford), stays informed of developing executive compensation best practices and strives to implement them. In this regard, our best practices include:

In 2013, establishing milestones for executive officer performance-based restricted stock unit grants that are based on revenue achievement for both one- and two-year periods; thereby providing different and longer-term performance metrics for these equity awards than under our annual cash bonus plans;

Establishing share retention guidelines for executive officers beginning in 2011 and for our non-employee directors beginning in 2010;

Beginning in 2010, removing our chief executive officer as a participant in our Executive Bonus Plan and establishing him as a participant in our stockholder-approved Performance Bonus Plan, payments under which are intended to qualify as fully deductible performance-based compensation under Internal Revenue Code Section 162(m);

Eliminating the housing, travel and automobile allowances and the related tax gross-ups starting in 2010;

Providing no golden parachute excise tax gross-ups;

Providing no single-trigger change of control benefits for any of our Named Executive Officers;

Beginning in 2011, granting a majority of the equity awards to our Named Executive Officers in the form of restricted stock units with performance-based vesting;

Beginning in 2013, granting all equity awards to our chief executive officer in the form of restricted stock units with performance-based vesting;

Beginning in 2014, granting all equity awards to our Named Executive Officers in the form of restricted stock units with performance-based vesting;

Granting to employees, including our Named Executive Officers, equity awards subject to a minimum vesting period of three years if such award is based on the satisfaction of performance criteria or objectives and a minimum vesting period of four years if such award is based on the holder's continued employment as an employee with the company, subject under certain circumstances to accelerated vesting upon certain terminations of employment;

Consistent with the direction of stockholder votes cast in 2011 and consistent with management's recommendation to our stockholders, adopting an annual Say-on-Pay advisory vote, commencing in 2011 and continuing in this 2014 proxy statement; and

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Engaging Radford to perform a risk analysis with respect to our compensation programs and policies, including for non-executive officers.

Insider Trading Compliance Program

Our employees, including our Named Executive Officers, are prohibited from trading our securities in violation of our Insider Trading Compliance Program such as trading on material, nonpublic information, pledging of our securities as collateral for a loan and trading in derivative securities (e.g., puts, calls, or other similar hedging instruments) relating to our securities. For more information about our Insider Trading Compliance Program, see *Directors, Executive Officers and Corporate Governance Corporate Governance Matters Insider Trading Compliance Program*.

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General Compensation Philosophy and Program Structure

General

We strive to balance our need to compete for executive talent with the need to maintain a reasonable and responsible cost structure for our program and to align our executive officers' interests with our stockholders' interests. In general, the objectives of our executive compensation program are to:

attract, motivate and retain talented and dedicated executive officers;

directly link compensation to measurable corporate and individual performance;

focus executive officers on achieving near and long-term corporate objectives and strategy; and

reward executives for creating stockholder value.

Executive officer compensation primarily has been composed of base salary, annual cash bonus awards and long-term equity incentive awards. We base compensation on the executive officer's responsibilities, individual performance and our performance as a company.

Role of the Compensation Committee

The compensation committee of our board of directors, composed entirely of non-employee independent members of our board of directors, oversees, among other things, the design and administration of our executive compensation program and our equity incentive plans (including reviewing and approving equity award grants). The compensation committee reviews and approves all compensation decisions relating to our executive officers, including our Named Executive Officers, on an annual basis. The compensation committee reviews the components of executive officer compensation for consistency with our compensation philosophy and takes into account changes in compensation practices among companies it considers similar to us in certain respects. The compensation committee also reviews overall compensation risk. See *Committees of the Board of Directors - Compensation Committee* above for additional information about the compensation committee.

Role of Executive Officers

Our chief executive officer, chief financial officer and members of our human resources, finance and legal departments assist and support the compensation committee. Management does not determine executive officer compensation. However, management reviews our compensation philosophy with the compensation committee and develops compensation proposals for the compensation committee to consider. Management may provide various materials to the compensation committee, such as analyses of existing and proposed compensation programs and executive officer and other employee equity ownership information. Our chief executive officer and a member of our human resources department participated in meetings of our compensation committee, and our chief executive officer makes recommendations with respect to compensation proposals for executive officers other than himself.

Role of the Compensation Consulting Firm

The compensation committee has engaged Radford to provide compensation advisory services. Radford reports directly to the compensation committee for purposes of advising it on executive officer compensation and meets with certain members of management in conducting its reviews of various aspects of executive officer compensation. In early 2013, Radford conducted analyses of our executive officers' base salaries, annual cash bonus awards and long term equity incentive awards against the compensation of executive officers in similar positions with companies considered to be our peer companies. Radford also reports on overall compensation risk, equity plan usage and makes recommendations to the compensation committee for executive new hire packages. Radford attended certain compensation committee meetings, including executive sessions, to present its analyses and to discuss its findings with the compensation committee. The compensation committee reviewed

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Radford's analyses in the context of making its decisions with respect to executive officer compensation for 2013. We, as a company, participate in Radford's Global Technology Survey in order to obtain market compensation information for executives and staff globally. Radford also assists us in valuing equity awards to ensure that such awards are properly expensed. The total dollar amount of services that Radford provided to us in 2013 that was paid in 2013 was approximately \$123,200. The compensation committee has reviewed the level of services provided to us by Radford and does not believe it or the services give rise to a conflict or compromises Radford's independence in advising the compensation committee.

Compensation Committee Adviser Independence

The compensation committee has considered the independence of Radford pursuant to NASDAQ Global Market and Securities and Exchange Commission rules and has found no conflict of interest in Radford's continuing to provide advice to the compensation committee.

The compensation committee is also regularly advised by the company's primary outside legal counsel, Wilson, Sonsini, Goodrich & Rosati. The compensation committee has considered the independence of Wilson, Sonsini, Goodrich & Rosati pursuant to NASDAQ Global Market and Securities and Exchange Commission rules and has found no conflict of interest in Wilson, Sonsini, Goodrich & Rosati's continuing to provide advice to the compensation committee. The compensation committee intends to reassess the independence of its advisers at least annually.

Consideration of 2013 Advisory Say-On-Pay Vote; Frequency of Say on Pay Vote

On June 13, 2013, we held a stockholder advisory vote on the compensation of our Named Executive Officers, commonly referred to as a Say-On-Pay vote. Our stockholders approved the compensation of our Named Executive Officers, with over 99% of stockholder votes cast in favor of our 2013 Say-On-Pay resolution. After considering this result, following our annual review of our executive compensation philosophy, the compensation committee decided to retain our overall approach to executive compensation. We will hold an annual advisory stockholder vote to approve our Named Executive Officer compensation until the results of our next Say-On-Pay frequency vote.

Competitive Positioning

The reports provided by Radford for the 2013 executive compensation analyses reviewed our executive officer compensation against the compensation of executive officers in similar positions with a set of peer group companies (which changed from 2012 to 2013, as described below) and also with compensation data drawn, for purposes of the 2013 review, from software/Internet companies with revenues from \$75 million to \$300 million included in the Radford Global Technology Total Direct Compensation Survey. The survey data was used in addition to the peer group company data as it was believed to be reflective of companies that compete in our labor market and of companies with similar revenue levels. The peer group companies and the survey data were equally weighted by the compensation committee.

Table of Contents*2013 Peer Group*

The peer group developed by Radford, approved by our compensation committee and used in Radford's analysis for 2013 compensation, was based on a modified 2012 peer group. Peer companies with revenues ranged from \$75 million to \$300 million and market capitalization ranged from \$200 million to \$1.5 billion were generally targeted as suitable companies for this peer group. The companies that comprised the 2013 peer group consisted of the following:

Peer Group Companies

| | |
|--|--------------------------------|
| Athenahealth, Inc. | QuinStreet, Inc. |
| Blucora, Inc. (formerly InfoSpace, Inc.) | Synchronoss Technologies, Inc. |
| Blue Nile, Inc. | TechTarget, Inc. |
| CafePress Inc. | Travelzoo, Inc. |
| Ebix, Inc. | U.S. Auto Parts Network, Inc. |
| Kayak Software Corporation | Vitacost.com, Inc. |
| Limelight Networks, Inc. | Web.com Group, Inc. |
| Move, Inc. | XO Group Inc. |
| Online Resources Corporation | Yelp, Inc. |
| OpenTable, Inc. | Zillow, Inc. |
| Petmed Express, Inc. | |

Shutterfly, Inc. and The Ultimate Software Group, companies included in the 2012 peer group, were removed from the 2013 peer group because they were above the criteria in terms of company size. SuccessFactors, Inc., Rightnow Technologies, Inc., Taleo Corporation, Kenexa Corporation and Loopnet, Inc. were also removed from the peer group because they were acquired. CafePress, Inc., Kayak Software Corporation, Limelight Networks, Inc., OpenTable, Inc., Synchronoss Technologies, Inc., Vitacost.com, Yelp, Inc. and Zillow, Inc. were added to the peer group because they met the criteria stated above.

Compensation Elements*Base Salaries*

The compensation committee's objective is to provide the Named Executive Officers with competitive base salaries. We provide this opportunity in order to attract and retain an appropriate caliber of talent and experience for our workforce. Our compensation committee reviews executive officer base salaries annually, generally in the first quarter of each year. Our compensation committee reviewed base salaries for our Named Executive Officers in the first quarter of 2013 using peer group and survey data supplied by Radford.

2013 Base Salaries

In the first quarter of 2013, the compensation committee set the annual base salaries for our Named Executive Officers. The base salary increases set forth below were based upon the compensation committee's determination of merit and performance.

| Name/Title | 2012 Base Salary | 2013 Base Salary | Percentage Increase |
|---|------------------|------------------|---------------------|
| Gary L. Lauer Chief Executive Officer | \$ 650,000 | \$ 650,000 | 0% |
| William T. Shaughnessy President and Chief Operating Officer | \$ 500,000 | \$ 500,000 | 0% |
| Stuart M. Huizinga Senior Vice President and Chief Financial Officer | \$ 280,000 | \$ 300,000 | 7.1% |
| Robert S. Hurley Senior Vice President of Sales and Operations | \$ 250,000 | \$ 257,500 | 3.0% |

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For 2013, base salaries accounted for approximately 33% of the total compensation for our chief executive officer, and 43% (on average) for our other Named Executive Officers. The total compensation includes any cash bonus awards and the value of any equity awards granted in 2013 and, with respect to performance-based restricted stock units, earned in 2013, based on grant date fair value computed in accordance with FASB ASC Topic 718, but excludes health and life insurance benefits and 401(k) matching contributions that are generally available to our employees.

Annual Cash Bonus Awards

General

We provide the opportunity for our executive officers, including our Named Executive Officers, and other employees to earn an annual cash bonus award. We provide this opportunity in order to attract and retain employees with an appropriate caliber of talent and experience for our key positions and to motivate our executive officers and other eligible employees to achieve annual business goals.

2013 Executive Bonus Plan

In the first quarter of 2013, our compensation committee approved the Executive Bonus Plan for the fiscal year ended December 31, 2013 (the 2013 Bonus Plan). Under the 2013 Bonus Plan, the compensation committee established performance measures to be used in determining 2013 annual executive officer cash bonus awards (other than for Mr. Lauer, who instead participates in our Performance Bonus Plan discussed below). The 2013 Bonus Plan could be amended, suspended or terminated at any time at the sole and absolute discretion of the compensation committee.

The payouts under the 2013 Bonus Plan for the fiscal year ending December 31, 2013 were determined by the compensation committee based 100% on company performance.

Company performance was measured by the achievement of specific financial goals related to revenue, non-GAAP operating earnings and EBITDA. The revenue goal comprised 50% of the potential target incentive award for each participant. The non-GAAP operating earnings goal and the EBITDA goal each comprised 25% of the total potential target incentive award for each participant. In the event that we met the revenue performance goal, a participant would receive, in connection with the achievement of that performance goal, 50% of the participant's target payout. In the event that we met the non-GAAP operating earnings goal or the EBITDA goal, a participant would receive, in connection with the achievement of that performance goal, 25% of the participant's target payout. A participant would not receive any payout with respect to a goal that was achieved at less than 95%, but would receive 50% of that goal's target payout if 95% of the goal was achieved and up to 90% of that goal's target payout at 99% of the achievement of the goal. If we exceeded a goal, participants would receive amounts above that goal's target payout for the relevant goal exceeded as follows:

In the event that the revenue goal was exceeded, each participant would have received for each percent achieved above goal an additional 5% of the target payout for the revenue goal up to a maximum additional payment of 50%; and

With respect to the non-GAAP operating earnings and EBITDA goals, and only if 100% of the revenue goal is achieved, a participant would receive for each percent achieved above the non-GAAP operating earnings goal or the EBITDA goal an additional 2.5% of the relevant target payout, up to a maximum of additional payout of 50%.

We were required to be profitable on an operating basis (excluding non-cash charges) for a participant to qualify for the maximum payout under the 2013 Bonus Plan for any specific company performance goal. If we were not profitable on an operating basis (excluding non-cash charges), the maximum possible payout for the achievement of any particular company performance goal was no more than 100% of the participant's target incentive award.

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The revenue, non-GAAP operating earnings and EBITDA goals and performance were determined by excluding, at the sole discretion of the compensation committee, (i) the effect of mergers and acquisitions closing in 2013 (if any), (ii) extraordinary non-recurring items as described in Accounting Principles Board Opinion No. 30 or as otherwise determined by the compensation committee to be extraordinary or non-recurring in its discretion, and (iii) the effect of any changes in accounting principles affecting our reported results. The specific performance goals for the year ended December 31, 2013 approved by the compensation committee were as follows:

| Metric | Target Goal |
|---|----------------|
| GAAP Annual Revenue | \$ 177,000,000 |
| Non-GAAP Operating Earnings (GAAP operating earnings excluding stock-based compensation expense and amortization of acquired intangibles) | \$ 23,100,000 |
| EBITDA (GAAP operating income excluding depreciation, amortization and stock-based compensation expense) | \$ 25,800,000 |

The compensation committee approved target and maximum cash bonus award opportunities under the 2013 Bonus Plan for our Named Executive Officers (other than Mr. Lauer) as follows:

| Name/Title | Fiscal 2013 Cash Bonus Award Opportunity | | | |
|---|--|------------|-------------------------------|------------|
| | Target Payout | | Maximum Payout | |
| | Percent of Annual Base Salary | Amount | Percent of Annual Base Salary | Amount |
| William T. Shaughnessy President and Chief Operating Officer | 60% | \$ 300,000 | 90% | \$ 450,000 |
| Stuart M. Huizinga Senior Vice President and Chief Financial Officer | 60% | \$ 180,000 | 90% | \$ 270,000 |
| Robert S. Hurley Senior Vice President of Sales and Operations | 60% | \$ 154,500 | 90% | \$ 231,750 |

The 2013 cash bonus opportunity under the 2013 Bonus Plan for each of the Named Executive Officers, other than Mr. Lauer (not a 2013 Bonus Plan participant), was set in accordance with the compensation committee's philosophy for 2013 to set total target salary and cash bonus compensation opportunity between the 50th and 75th percentile of the market data provided by Radford in its analysis for 2013 compensation, although the Company may make exceptions based on performance, responsibility or other factors.

In February 2014, our compensation committee considered and determined the 2013 fiscal year performance of the company and each of our Named Executive Officers against the previously established performance goals described above. The 2013 performance goals and the company's 2013 achievement were as follows:

| Metric | Target Goal | Company Achievement | Percentage of Achievement Relative to Target |
|---|----------------|---------------------|--|
| GAAP Annual Revenue | \$ 177,000,000 | \$ 179,180,000 | 101% |
| Non-GAAP Operating Earnings (GAAP operating earnings excluding stock-based compensation expense and amortization of acquired intangibles) | \$ 23,100,000 | \$ 7,255,000 | 31% |
| EBITDA (GAAP operating income excluding depreciation, amortization and stock-based compensation expense) | \$ 25,800,000 | \$ 16,214,000 | 63% |

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After considering the achievement against the performance targets as described above, the compensation committee approved the following payouts under the 2013 Bonus Plan for our Name Executive Officers other than Mr. Lauer:

| Name/Title | Amount | Percentage of Target Payout | Percentage of Annual Base Salary |
|---|------------|-----------------------------|----------------------------------|
| William T. Shaughnessy President and Chief Operating Officer | \$ 159,237 | 53% | 32% |
| Stuart M. Huizinga Senior Vice President and Chief Financial Officer | \$ 95,542 | 53% | 32% |
| Robert S. Hurley Senior Vice President of Sales and Operations | \$ 82,007 | 53% | 32% |

For 2013, cash bonus awards for Mr. Shaughnessy, Mr. Huizinga, and Mr. Hurley accounted for approximately 14%, 14%, and 13%, respectively, of their total compensation attributable to base salary, the annual cash bonus award and the grant date fair value of the time-based restricted stock units granted in 2013 and performance-based restricted stock units granted and earned in 2013.

162(m) Performance Bonus Plan

Our Performance Bonus Plan, which was last approved by our stockholders at our 2009 annual meeting and is being submitted for re-approval in Proposal 4 of this proxy statement, is designed to qualify payments as deductible performance-based compensation for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended (Section 162(m)). In March 2013, our compensation committee determined to maintain Mr. Lauer as the sole participant in the Performance Bonus Plan for fiscal year 2013.

Under the Performance Bonus Plan, Mr. Lauer's cash incentive bonus is determined based upon company performance. For fiscal year 2013, company performance was measured by the achievement of specific financial goals related to revenue, non-GAAP operating earnings and EBITDA. Achievement of these goals was measured including the effects of mergers and acquisitions closing in 2013 (if any) and excluding (i) extraordinary non-recurring items as described in Accounting Principles Board Opinion No. 30, and (ii) the effect of any changes in accounting principles affecting our reported results. The revenue goal, the non-GAAP operating earnings and EBITDA goals each represented 50%, 25%, and 25%, respectively, of Mr. Lauer's bonus opportunity under the Performance Bonus Plan, subject in each case to the compensation committee's discretion to adjust payouts downward. The target cash incentive bonus award opportunity for fiscal year 2013 for Mr. Lauer was 97.5% of his base salary, or \$633,750, which also represented his maximum bonus opportunity. The specific performance goals approved by the compensation committee were as follows:

| Metric | Target Goal |
|---|----------------|
| GAAP Annual Revenue | \$ 168,150,000 |
| Non-GAAP Operating Earnings (GAAP operating earnings excluding stock-based compensation expense and amortization of acquired intangibles) | \$ 21,945,000 |
| EBITDA (GAAP operating income excluding depreciation, amortization and stock-based compensation expense) | \$ 24,510,000 |

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In February 2014, our compensation committee considered and determined the 2013 fiscal year performance against the objectively determinable performance targets described above. The 2013 performance targets, weighted fifty percent as to the GAAP Annual Revenue performance target and twenty-five percent apiece to each of the Non-GAAP Operating Earnings and EBITDA targets, and the company's 2013 actual achievement were as follows:

| Metric | Target Goal | Company Achievement | Percentage of Achievement Relative to Target |
|---|----------------|---------------------|--|
| GAAP Annual Revenue | \$ 168,150,000 | \$ 179,180,000 | 107% |
| Non-GAAP Operating Earnings (GAAP operating earnings excluding stock-based compensation expense and amortization of acquired intangibles) | \$ 21,945,000 | \$ 7,255,000 | 33% |
| EBITDA (GAAP operating income excluding depreciation, amortization and stock-based compensation expense) | \$ 24,510,000 | \$ 16,214,000 | 66% |

After considering the achievement of the performance targets as described above, the compensation committee approved the following payouts under the Performance Bonus Plan for Mr. Lauer:

| Name/Title | Amount | Percentage of Target Payout | Percentage of Annual Base Salary |
|--|------------|-----------------------------|----------------------------------|
| Gary L. Lauer Chief Executive Officer | \$ 316,875 | 50% | 49% |

For 2013, the cash bonus awards for Mr. Lauer accounted for approximately 16% of the total compensation attributable to his base salary, his annual cash bonus awards and the grant date fair value of the performance-based restricted stock units granted and earned in 2013.

*Equity Incentive Awards**General*

Equity incentive awards are an important part of our overall compensation program as they reward and incentivize performance, assist in employee retention and help to align employee interests with the interests of our stockholders. The compensation committee reviews the equity holdings of our Named Executive Officers regularly and the compensation committee makes equity compensation awards to our Named Executive Officers informed in part by the practices of other similarly situated companies.

In reviewing our equity award practices, we are committed to effectively rewarding, incentivizing and retaining our employees with a competitive equity compensation program while minimizing stockholder dilution. For this reason, we carefully manage both our gross burn rate and net burn rate. Gross burn rate reflects equity awards granted during the fiscal year divided by the weighted average number of shares of outstanding. Net burn rate reflects equity awards granted during the fiscal year less equity awards cancelled and returned to the plan (net equity grants), divided by the weighted average number of shares outstanding. Although we are classified with insurance companies in some burn rate comparisons across industry groups, we are an ecommerce and technology company and compete for employees with companies in the internet, software and services industry. As a result, our equity incentive award grants are generally greater than those companies in the insurance company category. Moreover, our burn rates have been negatively impacted by our share repurchase programs under which we have, as of March 31, 2014, spent approximately \$150 million to repurchase approximately 9.3 million shares of our common stock in the open market since December 2008. We also recently announced a new \$50 million stock repurchase program.

Table of Contents*2013 Executive Equity Compensation*

In 2013, our compensation committee approved equity incentive awards for our executive officers, including our Named Executive Officers, in the form of restricted stock units with performance-based vesting and restricted stock units with time-based vesting. Based on survey data our compensation committee reviewed, and in a departure from its historical practice, in 2013 our Named Executive Officers were not granted stock options. Because stock options are typically granted in greater amounts than replacement restricted stock units, the compensation committee reasoned that replacing stock options with restricted stock unit awards would lessen stockholder dilution. The compensation committee determined the number of shares subject to the awards granted to our Named Executive Officers after assessing peer group and other survey data in the analysis provided by Radford.

The number of stock options and of shares of our common stock granted under restricted stock unit awards approved by the compensation committee during 2013 is summarized as follows:

| Name | Number of Shares Subject to Restricted Stock Units with Time-Based Vesting | Target Number of Shares Subject to Restricted Stock Units with Performance-Based Vesting | Maximum Number of Shares Subject to Restricted Stock Units with Performance-Based Vesting |
|------------------------|--|--|---|
| Gary L. Lauer | | 100,000 | 150,000 |
| William T. Shaughnessy | 3,604 | 45,000 | 67,500 |
| Stuart M. Huizinga | 5,500 | 16,500 | 24,750 |
| Robert S. Hurley | 5,500 | 16,500 | 24,750 |

There were no stock options approved by the compensation committee during 2013 for our executive officers.

Restricted stock units subject to time-based vesting for Mr. Shaughnessy vest at a rate of 100% after one year. Restricted stock units subject to time-based vesting for Messrs. Huizinga and Hurley vest at a rate of 25% after one year and an additional 25% on each anniversary thereafter. Restricted stock units subject to performance-based vesting must meet additional preconditions to vesting as described below.

For the restricted stock units subject to performance-based vesting, up to 50% of the target number of shares were eligible to vest based upon achieving a pre-determined 2013 Company annual revenue goal. The remaining 50% of the target number of shares are eligible to vest based upon achieving a pre-determined 2014 Company annual revenue goal. Moreover, if the target annual revenue goals are exceeded, up to an additional number of shares equal to 50% of the target number may become eligible to vest.

If the level of annual revenue achievement in 2014 exceeds, on a percentage basis, the level of achievement in 2013, then the previously unvested 2013 performance-based restricted stock units will become eligible to vest as if the 2014 level of achievement had been achieved in 2013. For example, if in 2013, 35% of the target number of shares became eligible to vest, and in 2014, 55% of the target number of shares became eligible to vest, a total of 110% of the target number of shares will become eligible to vest. These additional shares (equal to, in the example, 20% of target) are referred to herein as 2013 carryover shares.

Performance-based vesting restricted stock units that are earned then vest based upon continued service-based vesting, with 25% of the shares that are eligible to vest based upon 2013 annual revenue achievement vesting on March 20, 2014, and 25% of such shares on each of the next three anniversaries thereof, so as to be 100% vested on March 20, 2017. Fifty percent of the shares that are eligible to vest based upon 2014 annual revenue achievement plus any 2013 carryover shares vest, subject to continued service, on March 20, 2015, and 25% of such shares are scheduled to vest on each of the next two anniversaries thereof, so as to be 100% vested on March 20, 2017.

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The 2013 performance-based vesting restricted stock unit award annual revenue vesting matrix was as follows:

| Achieved FY 2013 Revenue (\$) | Percentage of FY 2013 Target Shares Eligible for Time-Based Vesting |
|-------------------------------|---|
| <\$ 171.02 million | 0% |
| \$ 171.02 million | 50% |
| \$ 177.24 million | 100% |
| \$ 186.57 million | 125% |
| \$ 194.34 million | 150% |

Amounts between the numbers listed on the chart are determined by straight-line interpolation. Annual 2013 revenue includes revenue from any 2013 mergers and acquisitions and excludes any extraordinary non-recurring items and the effect of any changes in accounting principles that affect the Company's reported revenue.

The grant date fair value of the 2013 equity awards granted to our Named Executive Officers were targeted between the 50th and the 75th percentile of the comparative data. These awards also reflected the compensation committee's assessment of individual performance, expected future contribution and retention considerations, including the impact of the relative mix of vested and unvested equity awards on retention. The compensation committee also considered the grant size as a percentage of our total outstanding equity compared to market benchmarks.

In February 2014, our compensation committee considered and determined the 2013 performance against the objectively determinable performance targets described above for the restricted stock units subject to performance-based vesting. The 2013 annual revenue target and the company's 2013 actual achievement were as follows:

| Metric | Target Goal | Company Achievement | Percentage of Achievement Relative to Target |
|---------------------|----------------|------------------------|---|
| GAAP Annual Revenue | \$ 177,240,000 | \$ 179,180,000 | 101% |

Following written certification with respect to the extent to which performance targets had been achieved as described above, the committee determined that the 2013 portion of the performance-based restricted stock units would be eligible for vesting as follows:

| Name | Target Number of Potential Shares Subject to Restricted Stock Units with 2013 Performance- Based Vesting | Actual Number of Shares Subject to Restricted Stock Units as a Result of 2013 Performance |
|------------------------|---|---|
| Gary L. Lauer | 50,000 | 52,599 |
| William T. Shaughnessy | 22,500 | 23,669 |
| Stuart M. Huizinga | 8,250 | 8,678 |
| Robert S. Hurley | 8,250 | 8,678 |

Stock Ownership Guidelines

In March 2011, our compensation committee approved stock ownership guidelines for our executive officers to further align their interests with the interests of our stockholders.

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Pursuant to the guidelines, our chief executive officer is expected to accumulate and hold a number of shares of our common stock equal to the lesser of (i) that number of shares with a value equal to three times his annual base salary or (ii) 150,000 shares and to maintain this minimum amount of stock ownership throughout his employment. Our chief executive officer is expected to achieve the applicable level of ownership by March 23, 2016, or with respect to future chief executive officers similar share guidelines measured as of their start date, within five years of their becoming chief executive officer.

Under the guidelines, our executive officers who are executive vice-presidents or who are the chief operating officer are expected to accumulate and hold a number of shares of our common stock equal to the lesser of (i) that number of shares with a value equal to two times their annual base salary, or (ii) the number of shares determined by dividing twice their annual base salary as in effect on March 23, 2011 by \$13.00 and to maintain this minimum amount of stock ownership throughout their employment. The executive vice presidents and chief operating officer are expected to achieve the applicable level of ownership by March 23, 2016, or with respect to executive vice presidents and chief operating officers starting after March 23, 2011 (such as Mr. Shaughnessy), similar share guidelines measured as of their start date, within five years of their becoming an executive vice president or chief operating officer, respectively.

In addition, under the guidelines, our other executive officers are expected to accumulate and hold a number of shares of our common stock equal to the lesser of (i) that number of shares with a value equal to one time their annual base salary, or (ii) the number of shares determined by dividing their annual base salary as in effect on March 23, 2011 by \$13.00 and to maintain this minimum amount of stock ownership throughout their employment. These executive officers are expected to achieve the applicable level of ownership by March 23, 2016, or with respect to executive officers starting after March 23, 2011, similar share guidelines measured as of their start date, within five years of their becoming an executive officer.

In the event the applicable guideline is not achieved with respect to any executive officer by the applicable deadline, the executive officer will be required to retain an amount equal to 75% of the net shares received as a result of the exercise of stock options or stock appreciation rights or the vesting of restricted stock units or other full-value awards until the applicable guideline has been achieved. Net shares are those shares that remain after shares are sold or netted to pay the exercise price (if any) of equity awards and applicable taxes. Under certain limited circumstances, the guidelines may be temporarily suspended by our compensation committee at its discretion.

Other Compensation

We provide the opportunity for our executive officers, including our Named Executive Officers, and other employees to receive general health and welfare benefits. We also maintain a retirement and deferred savings plan available to all U.S. employees after three months of employment, which is intended to qualify under Sections 401(a) and 401(k) of the Internal Revenue Code. This plan allows each participant to contribute up to 100% of their pre-tax compensation, up to a statutory limit, which was \$17,500 (or \$23,000 for employees over 50 years of age) in calendar year 2013. Under the plan, each participant is fully vested in his or her own contributions. We match 25% of each participant's contribution each pay period, up to a maximum of 1% of the employee's base salary during that period. Our matching contributions vest one-third for each of the first three years of service. The plan also permits us to make discretionary profit-sharing contributions, but we have not made such contributions to date.

For the year ended December 31, 2013, other compensation accounted for less than 1% of the total compensation for our chief executive officer and for our other Named Executive Officers.

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Change in Control and Termination Arrangements

We have entered into management retention agreements, providing for certain severance benefits upon certain terminations in connection with a change of control and outside a change of control, with certain of our Named Executive Officers. At the direction of the compensation committee, Radford conducted a study of change of control severance agreements for certain of our Named Executive Officers. Informed by this data, the compensation committee designed agreements that reflected market norms. The severance arrangements with each of our Named Executive Officers are more fully described under the section entitled *Employment Agreements and Change of Control Arrangements*.

Regulatory Considerations

Section 162(m) of the U.S. Internal Revenue Code generally limits to \$1 million the deductibility of compensation paid by a public company to any employee who on the last day of the year is the chief executive officer or one of the three other most highly compensated officers (other than the chief financial officer). Compensation may qualify for an exemption from the deduction limit if it satisfies certain conditions under Section 162(m). We believe that it is important to preserve flexibility in administering our compensation programs, and have not adopted a policy that all compensation must qualify as deductible under Section 162(m). Amounts paid under our compensation programs may be determined not to so qualify. We have adopted a Performance Bonus Plan, which was approved by our stockholders at the 2009 annual meeting and is again subject to approval of our stockholders at our 2014 annual meeting and which is the subject of Proposal 4, to attempt to qualify payments in future years under the Performance Bonus Plan as deductible performance-based compensation for purposes of Section 162(m). We also structured the performance-based vesting component of the 2013 restricted stock unit awards to our Named Executive Officers to qualify as deductible performance-based compensation for purposes of Section 162(m). We do not guarantee that any executive compensation intended to qualify as deductible performance-based compensation under Section 162(m) so qualifies.

Risk Assessment

Our compensation committee retained Radford, its independent compensation consultant, to evaluate the risk inherent in our executive and non-executive programs. Accordingly, Radford evaluated our executive and non-executive compensation programs and provided a report to the compensation committee. The report concluded that, among other things:

Overall pay mix, among base salary, variable cash and long-term incentives, was aligned with the practices of our peers;

Incentive plans are well-aligned with compensation design principles that generally follow best practices;

Management incentives are capped and require a threshold level of performance that help protect against overpayment in a challenging business environment;

Severance benefits are closely managed and do not provide excessive severance benefits; and

We established share retention guidelines for executive officers in 2011 (subsequently amended in 2012) and for our non-employee directors in 2010 (subsequently amended in 2011).

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Compensation Committee Report

The information contained in this report shall not be deemed soliciting material or incorporated by reference by any general statement incorporating by reference this Proxy Statement into any filing under the Securities Act of 1933, as amended, or under the Securities Exchange Act of 1934, as amended, except to the extent we specifically incorporate this report by reference, and shall not otherwise be deemed filed under such Acts.

The compensation committee of the Board of Directors of the Company has reviewed and discussed with management the Compensation Discussion and Analysis section of this Proxy Statement for the 2014 Annual Meeting of Stockholders. Based on this review and discussion, the compensation committee recommended that the Compensation Discussion and Analysis section be included in the Company's Annual Report on Form 10-K and Proxy Statement for its 2014 Annual Meeting of Stockholders.

This report is submitted by the compensation committee.

Compensation Committee

Scott N. Flanders
Lawrence M. Higby
Jack L. Oliver, III

Table of Contents**2013 Summary Compensation Table**

The information below sets forth the total compensation earned by our Named Executive Officers for the years ended December 31, 2013, 2012 and 2011. The total compensation presented does not reflect the actual compensation received by our Named Executive Officers. For example, the amounts in the Stock Awards column for 2013 include the grant date fair values of time-based restricted stock units (the RSUs) granted in 2013 and performance-based restricted stock units (the PSUs) granted in 2013. These amounts were calculated, with respect to the PSUs, by assuming all performance criteria were met at 100% achievement. For more information, see the footnotes to the 2013 Summary Compensation Table.

| Name and Principal Position | Year | Salary(1) | Stock Awards(2) | Option Awards(2) | Non-Equity | All Other | Total |
|---|------|------------|--------------------|------------------|--------------------------------|-----------|--------------|
| | | | | | Incentive Plan Compensation(8) | | |
| Gary L. Lauer Chief Executive Officer | 2013 | \$ 650,000 | \$ 1,926,000(3)(7) | \$ | \$ 316,875 | \$ 2,450 | \$ 2,914,726 |
| | 2012 | \$ 650,000 | \$ 1,271,400 | \$ | \$ 469,926 | \$ 2,450 | \$ 2,393,776 |
| | 2011 | \$ 645,673 | \$ 870,100 | \$ | \$ 387,010 | \$ 2,450 | \$ 1,905,233 |
| William T. Shaughnessy(4) President and Chief Operating Officer | 2013 | \$ 500,000 | \$ 955,718(5)(7) | \$ | \$ 159,237 | \$ 2,450 | \$ 1,617,405 |
| | 2012 | \$ 373,077 | \$ 418,250 | \$ 2,582,769 | \$ 166,838 | \$ 1,731 | \$ 3,542,665 |
| Stuart M. Huizinga Senior Vice President and Chief Financial Officer | 2013 | \$ 295,000 | \$ 423,720(6)(7) | \$ | \$ 95,542 | \$ 2,450 | \$ 816,712 |
| | 2012 | \$ 278,192 | \$ 247,604 | \$ | \$ 124,572 | \$ 2,450 | \$ 652,818 |
| | 2011 | \$ 269,233 | \$ 221,254 | \$ | \$ 148,661 | \$ 2,450 | \$ 641,598 |
| Robert S. Hurley Senior Vice President of Sales and Operations | 2013 | \$ 255,625 | \$ 423,720(6)(7) | \$ | \$ 82,007 | \$ 192 | \$ 761,544 |
| | 2012 | \$ 248,461 | \$ 247,604 | \$ | \$ 111,225 | \$ 1,914 | \$ 609,204 |
| | 2011 | \$ 239,058 | \$ 221,254 | \$ | \$ 132,949 | \$ 1,849 | \$ 595,110 |

The amounts in the Stock Awards column for 2013 include the grant date fair value of PSUs granted in 2013 but that are earned based on company performance in 2013 and 2014. The grant date fair values of the portion of the PSUs actually earned for 2013 performance are disclosed in the footnotes below. The grant date fair values of the PSUs actually earned for 2014 performance are not determinable at this time.

- (1) Salary includes base salary including payment in respect of accrued paid-time-off and holidays.
- (2) Amounts were computed in accordance with FASB ASC Topic 718. Our accounting policies regarding equity compensation and the assumptions used to calculate the value of our equity awards are set forth in Notes 1 and 4 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2013.
- (3) Amount represents the grant date fair value of 100,000 PSUs granted in 2013, assuming performance criteria were met at 100% achievement. The PSUs granted in 2013 are earned if the Company meets predefined revenue targets in 2013 and 2014. The revenue target for 2013 was met at more than 100% achievement. The number of PSUs earned in 2013 based on 2013 revenue performance was 52,599 PSUs. The grant date fair value of the 52,599 PSUs actually earned by Mr. Lauer in 2013 is \$1,013,056. The grant date fair value of the PSUs that could be earned based on 2014 revenue performance at target and included in the grant date fair value for 2013 is \$963,000.
- (4) Mr. Shaughnessy joined the company as an executive officer and director effective March 27, 2012.
- (5) Amount represents the grant date fair value of 3,604 RSUs (subject to time-based vesting) and 45,000 PSUs granted in 2013, assuming performance criteria were met at 100% achievement. The PSUs granted in 2013 are earned if the Company meets predefined revenue targets in 2013 and 2014. The revenue target for 2013 was met at more than 100% achievement. The number of PSUs earned in 2013 based on 2013 revenue performance was 23,669 PSUs. The grant date fair value of the 23,669 PSUs actually earned by Mr. Shaughnessy in 2013 is \$455,864. The grant date fair value of the PSUs that could be earned based on 2014 revenue performance at target and included in the grant date fair value for 2013 is \$433,350.
- (6) Amount represents the grant date fair value of 5,500 RSUs (subject to time-based vesting) and 16,500 PSUs granted in 2013, assuming performance criteria were met at 100% achievement. The PSUs granted in 2013 are earned if the Company meets predefined revenue targets in 2013 and 2014. The revenue target for 2013 was met at more than 100% achievement. The number of PSUs earned in 2013 based on 2013 revenue performance was 8,678 PSUs. The grant date fair value of the 8,678 PSUs actually earned by this executive officer in 2013 is \$167,138. The grant date fair value of the PSUs that could be earned based on 2014 revenue performance at target and included in the grant date fair value for 2013 is \$158,895.

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- (7) For more information regarding our Named Executive Officers' long-term equity incentives, see *Executive Compensation, Say-on-Pay, Independence of Advisors, Compensation Discussion and Analysis, Compensation Elements, Equity Incentive Awards*.
- (8) 2013 amounts are performance-based cash bonus awards earned and approved by the compensation committee for 2013 pursuant to the 2013 Executive Bonus Plan (for all Named Executive Officers except Mr. Lauer) and the Performance Bonus Plan (for Mr. Lauer) and were paid in the first quarter of 2014.

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(9) 2013, 2012 and 2011 amounts consist entirely of the 401(k) matching contributions made by us for our Named Executive Officers.

2013 Grants of Plan-Based Awards

The following table provides information regarding the amount of awards under our 2013 Executive Bonus Plan (all Named Executive Officers except for Mr. Lauer) and the Performance Bonus Plan (for Mr. Lauer) and equity awards granted in 2013 to each of the Named Executive Officers.

| Name | Grant Date | Approval Date | Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(1) | | | All Other Stock Awards: Number of Shares or Units (#)(2) | All Other Option Awards: Number of Securities Underlying Options (#) | Exercise or Base Price of Option Awards (\$ per Share) | Grant Date Fair Value of Stock and Option Awards(5) |
|------------------------|------------|---------------|--|-------------|--------------|--|--|--|---|
| | | | Threshold (\$) | Target (\$) | Maximum (\$) | | | | |
| Gary L. Lauer | 4/16/2013 | 3/20/2013 | \$ | \$ 633,750 | \$ 633,750 | 52,599(2) | \$ | \$ 1,013,056 | |
| William T. Shaughnessy | 4/16/2013 | 3/20/2013 | \$ | \$ 300,000 | \$ 450,000 | 27,273(3) | \$ | \$ 544,882 | |
| Stuart M. Huizinga | 4/16/2013 | 3/20/2013 | \$ | \$ 180,000 | \$ 270,000 | 14,178(4) | \$ | \$ 273,068 | |
| Robert S. Hurley | 4/16/2013 | 3/20/2013 | \$ | \$ 154,500 | \$ 231,750 | 14,178(4) | \$ | \$ 273,068 | |

- (1) Represents target and maximum cash bonus payouts under the 2013 Executive Bonus Plan (all Named Executive Officers except for Mr. Lauer) and the Performance Bonus Plan (for Mr. Lauer), each reported pursuant to Securities and Exchange Commission rules. The actual bonus amounts paid under the 2013 Executive Bonus Plan and the Performance Bonus Plan are disclosed in the Summary Compensation Table set forth above.
- (2) Represents 52,599 of the performance-based restricted stock units that were actually earned by Mr. Lauer in 2013.
- (3) Represents 3,604 time-based restricted stock units granted in 2013 and 23,669 of the performance-based restricted stock units that were actually earned by Mr. Shaughnessy in 2013.
- (4) Represents 5,500 time-based restricted stock units granted in 2013 and 8,678 of the performance-based restricted stock units that were actually earned in 2013 by the Named Executive Officer.
- (5) Amounts shown reflect the grant date fair value of time-based restricted stock units granted in 2013 and the performance-based restricted stock units granted and actually earned in 2013, computed in accordance with FASB ASC Topic 718. Our accounting policies regarding equity compensation and the assumptions used to compute the fair value of our equity awards are set forth in Notes 1 and 4 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2013.

2013 Outstanding Equity Awards at Fiscal Year-End

Our stock options granted to the Named Executive Officers prior to January 1, 2008 generally vest (i) over a four-year term at the rate of 25% one year following the vesting commencement date and 1/48th per month thereafter or (ii) over a five-year term at the rate of 20% one year following the vesting commencement date and 1/60th per month thereafter. These options generally expire 10 years after they are granted or earlier if the recipient's employment or service terminates earlier. Our stock options granted to the Named Executive Officers subsequent to January 1, 2008 generally vest over a four-year term at the rate of 25% one year following the vesting commencement date and 1/48th of the shares per month thereafter. These options generally expire 7 years after they are granted or earlier if the recipient's employment or service terminates earlier. Mr. Shaughnessy's stock option award granted in connection with his acceptance of our employment offer expires 7 years after the date of grant and vests over a five-year term at the rate of 20% one year following the vesting commencement date and 1/60th of the shares per month thereafter.

Restricted stock units subject only to time-based vesting granted to our Named Executive Officers generally vest annually over four years in equal installments. Restricted stock units subject to performance-based vesting granted to our Named Executive Officers must meet additional preconditions to vesting and, once the total number of shares earned and eligible for vesting has been determined in accordance with the predetermined performance metrics, such eligible shares vest in equal installments over three years from the vesting commencement date.

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All of the outstanding equity awards granted to date to our employees, including our Named Executive Officers, are subject to a minimum vesting period of three years if such award is based on the satisfaction of performance criteria or objectives and a minimum vesting period of four years if such award is based on the holder's continued employment as an employee with the company. All of the stock options and restricted stock units granted to our employees, including our Named Executive Officers, are subject to a vesting schedule with a one-year initial vesting period.

The following table summarizes the number of equity securities underlying outstanding plan awards for each Named Executive Officer as of December 31, 2013. See *Executive Compensation, Say-on-Pay, Independence of Advisors Compensation Discussion and Analysis Compensation Elements Equity Incentive Awards* for a description of equity awards granted subsequent to December 31, 2013.

| Name | Grant Date | Option Awards | | | | Stock Awards | |
|------------------------|---------------|---|---------------|----------------------------|------------------------|---|---|
| | | Number of Securities Underlying Unexercised Options | | Option Exercise Price (\$) | Option Expiration Date | Number of Shares or Units of Stock That Have Not Vested (#) | Market Value of Shares or Units of Stock That Have Not Vested (\$)(1) |
| | | Exercisable | Unexercisable | | | | |
| Gary L. Lauer | 12/14/2005(2) | | | \$ 8.80 | 12/14/2015 | | |
| | 3/18/2008(3) | 99,999 | | \$ 21.16 | 3/18/2015 | | |
| | 4/21/2009(4) | 55,133 | | \$ 16.16 | 4/21/2016 | | |
| | 3/16/2010(5) | 100,000 | 4,168 | 18.37 | 3/16/2017 | | |
| | 3/16/2010(6) | 95,832 | | | | 7,500 | \$ 348,675 |
| | 4/19/2011(7) | | | | | 14,000 | \$ 650,860 |
| | 4/19/2011(8) | | | | | 7,700 | \$ 357,973 |
| | 10/16/2012(9) | | | | | 13,333 | \$ 619,851 |
| | 4/16/2013(16) | | | | | 52,599 | \$ 2,445,327 |
| William T. Shaughnessy | 4/17/2012(12) | | 260,003 | | 4/17/2019 | | |
| | 4/17/2012(13) | 139,997 | | \$ 16.73 | | 18,750 | \$ 871,687 |
| | 1/15/2013(14) | | | | | 3,604 | \$ 167,549 |
| | 4/16/2013(16) | | | | | 23,699 | \$ 1,101,766 |
| Stuart M. Huizinga | 12/14/2005(2) | 24,999 | | \$ 8.80 | 12/14/2015 | | |
| | 3/18/2008(3) | 17,803 | | \$ 21.16 | 3/18/2015 | | |
| | 4/21/2009(4) | 18,884 | | \$ 16.16 | 4/21/2016 | | |
| | 3/16/2010(5) | 25,874 | 1,126 | \$ 18.37 | 3/16/2017 | | |
| | 3/16/2010(6) | | | | | 1,750 | \$ 81,357 |

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| | | | | | | |
|------------------|---------------|--------|-------|-------|-------|---------|
| | 4/19/2011(7) | | | 3,560 | \$ | 165,504 |
| | 4/19/2011(8) | | | 1,958 | \$ | 91,027 |
| | 4/17/2012(10) | | | 4,440 | \$ | 206,415 |
| | 4/17/2012(11) | | | 1,974 | \$ | 91,771 |
| | 4/16/2013(15) | | | 5,500 | \$ | 255,659 |
| | 4/16/2013(16) | | | 8,678 | \$ | 403,440 |
| Robert S. Hurley | 3/18/2008(3) | | | | | |
| | | 10,625 | | \$ | 21.16 | |
| | 4/21/2009(4) | | | | | |
| | | 10,207 | | \$ | 16.16 | |
| | 3/16/2010(5) | | 1,126 | | | |
| | | 25,874 | | 18.37 | | |
| | 3/16/2010(6) | | | 1,750 | \$ | 81,375 |
| | 4/19/2011(7) | | | 3,560 | \$ | 165,504 |
| | 4/19/2011(8) | | | 1,958 | \$ | 91,027 |
| | 4/17/2012(10) | | | 4,440 | \$ | 206,415 |
| | 4/17/2012(11) | | | 1,974 | \$ | 91,771 |
| | 4/16/2013(15) | | | 5,500 | \$ | 255,659 |
| | 4/16/2013(16) | | | 8,678 | \$ | 403,440 |

- (1) The market value of the restricted stock unit awards that have not vested is calculated by multiplying the number of units that have not vested by the closing price of our common stock on December 31, 2013, which was \$46.49.
- (2) Immediately exercisable for all option shares. The option becomes vested as to 20% of the shares 1 year after December 14, 2005 and 1/60th of the shares upon completion of each month of continuous service thereafter.
- (3) The option becomes vested as to 25% of the shares 1 year after February 13, 2008 and 1/48th of the shares upon completion of each month of continuous service thereafter.

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- (4) The option becomes vested as to 25% of the shares 1 year after March 10, 2009 and 1/48th of the shares upon completion of each month of continuous service thereafter.
- (5) The option becomes vested as to 25% of the shares 1 year after February 16, 2010 and 1/48th of the shares upon completion of each month of continuous service thereafter.
- (6) 25% of the shares subject to the restricted stock units vest on each anniversary of the vesting start date of February 16, 2010, subject to the executive officer's continued service with us.
- (7) 25% of the shares subject to the restricted stock units vest on each anniversary of the vesting start date of February 28, 2011, subject to the executive officer's continued service with us.
- (8) Number shown is net of cancelled performance-based restricted stock units that were deemed not to be earned and were cancelled as of December 31, 2011. One-third of the shares subject to the restricted stock units vest on each anniversary of the vesting start date of February 28, 2011, subject to the executive officer's continued service with us.
- (9) Number shown is net of cancelled performance-based restricted stock units that were deemed not to be earned and were cancelled as of December 31, 2012. One-third of the shares subject to the restricted stock units vest on each anniversary of the vesting start date of September 5, 2012, subject to the executive officer's continued service with us.
- (10) 25% of the shares subject to the restricted stock units vest on each anniversary of the vesting start date of March 21, 2012, subject to the executive officer's continued service with us.
- (11) Number shown is net of cancelled performance-based restricted stock units that were deemed not to be earned and were cancelled as of December 31, 2012. One-third of the shares subject to the restricted stock units vest on each anniversary of the vesting start date of March 21, 2012, subject to the executive officer's continued service with us.
- (12) The option becomes vested as to 20% of the shares 1 year after March 27, 2012 and 1/60th of the shares upon completion of each month of continuous service thereafter.
- (13) 25% of the shares subject to the restricted stock units vest on each anniversary of the vesting start date of March 27, 2012, subject to the executive officer's continued service with us.
- (14) 100% of the shares subject to the restricted stock units vested on the first anniversary of the vesting start date of January 15, 2013.
- (15) 25% of the shares subject to the restricted stock units vests on each anniversary of the vesting start date of March 20, 2013, subject to the executive officer's continued service with us.
- (16) Number of shares shown is the eligible amount for service-based vesting as a result of the achievement of the 2013 performance measures as of December 31, 2013. One-fourth of the shares subject to the restricted stock units vest on each anniversary of the vesting start date of March 20, 2013, subject to the executive officer's continued service with us.

2013 Option Exercises and Stock Vested at Fiscal Year-End

The following table presents certain information concerning the exercise of stock options by each of our Named Executive Officers during the year ended December 31, 2013.

| Name | Option Awards | | Stock Awards | |
|------------------------|---------------------------------------|-------------------------------|--------------------------------------|------------------------------|
| | Number of Shares Acquired on Exercise | Value Realized on Exercise(1) | Number of Shares Acquired on Vesting | Value Realized on Vesting(2) |
| Gary L. Lauer | 560,000 | 10,880,576 | 39,014 | \$ 739,508 |
| William T. Shaughnessy | | | 6,250 | \$ 111,250 |
| Stuart M. Huizinga | 5,000 | 102,128 | 11,992 | \$ 209,028 |
| Robert S. Hurley | | | 10,137 | \$ 176,565 |

- (1) The value realized equals the difference between the option exercise price and the fair market value of the company's common stock on the date of exercise, multiplied by the number of shares for which the option was exercised.
- (2) The value realized equals the fair market value of the company's common stock on the date of vesting, multiplied by the number of shares acquired on vesting.

Table of Contents**Equity Benefit Plans**

2006 Equity Incentive Plan Our 2006 Equity Incentive Plan (the *Equity Plan*) was initially adopted by our board of directors in April 2006, approved by our stockholders in May 2006 and subsequently amended and restated in November 2008. In March 2010, our board of directors approved certain changes to the Equity Plan in order to permit the grant of equity awards that qualify as deductible performance-based compensation under Section 162(m) of the Internal Revenue Code of 1986, as amended. The amended and restated Equity Plan incorporating these changes was approved by our stockholders on June 15, 2010. The following describes the material provisions of our Equity Plan, as amended:

Eligibility. Employees, members of our board of directors who are not employees and consultants are eligible to participate in the Equity Plan.

Purpose. The purpose of the Equity Plan is to promote our long-term success and create stockholder value by (a) encouraging our employees, non-employee directors and other service providers to focus on our performance, (b) encouraging the attraction and retention of employees, non-employee directors and other service providers with exceptional qualifications and (c) linking our employees, non-employee directors and other service providers directly to stockholder interests through increased stock ownership. The Equity Plan seeks to achieve this purpose by providing for awards in the form of restricted shares, stock units, stock options or stock appreciation rights.

Shares Subject to Equity Plan. A total of 2,000,000 shares of our common stock were initially authorized and reserved for issuance under the Equity Plan. Additionally, beginning in 2007, on each January 1 for the ten-year term of the Equity Plan, the total number of shares of our common stock authorized and reserved for issuance under the Equity Plan may increase pursuant to the automatic share replenishment provision under the Equity Plan. This automatic share replenishment provision provides for an increase in the number of shares of our common stock authorized and reserved for issuance under the Equity Plan in an amount equal to the least of (A) four percent of the number of outstanding shares of common stock as of such January 1, (B) one million five hundred thousand (1,500,000) shares, or (C) an amount determined by our board of directors. The shares available for grant under the Equity Plan were automatically increased pursuant to the automatic share replenishment provision by 869,957 shares in 2007, 987,473 shares in 2008, 1,001,637 shares in 2009, 936,669 shares in 2010, 862,989 shares in 2011, 795,313 shares in 2012, 817,993 shares in 2013, and 751,230 shares in 2014. As of March 31, 2014, 2,435,596 shares of our common stock were subject to awards currently outstanding under the Equity Plan and 4,845,383 shares of our common stock remain available for issuance.

In the event of a stock split or similar recapitalization, appropriate adjustments will automatically be made to the Equity Plan share pool, outstanding awards, the annual limits applicable to Equity Plan awards, and the exercise price of options and stock appreciation rights.

Shares subject to awards under the Equity Plan which expire or are cancelled or forfeited will again become available for issuance under the Equity Plan. The shares available will not be reduced by awards settled in cash or by shares withheld to satisfy tax withholding obligations relating to restricted stock units. Only the net number of shares issued upon the exercise of stock appreciation rights will be deducted from the shares available under the Equity Plan. Any dividend equivalents paid or credited under the Equity Plan shall, if paid in shares, reduce the number of shares issuable under the Equity Plan. Any dividend equivalents paid or credited under the Equity Plan shall, if paid in cash, not reduce the number of shares available under the Equity Plan.

Administration. The board of directors or the compensation committee of our board of directors administers the Equity Plan. The compensation commission has complete discretion to make all decisions relating to our Equity Plan. The compensation committee may also re-price outstanding options and stock appreciation rights and modify outstanding awards in other ways.

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Types of Award. Our Equity Plan provides for the following types of awards:

incentive and nonstatutory stock options to purchase shares of our common stock;

restricted shares of our common stock; and

stock appreciation rights and stock units.

Options and Stock Appreciation Rights. The exercise price for options granted under the Equity Plan may not be less than 100% of the fair market value of our common stock on the option grant date. Optionees may pay the exercise price by using cash or cash equivalents, or any of the following, but only with the compensation committee's consent:

shares of common stock that the optionee already owns;

an immediate exercise and sale of the option shares through a broker approved by us;

a full-recourse promissory note (except as prohibited by law); or

any other legally permissible form of consideration.

A participant who exercises a stock appreciation right receives the increase in value of our common stock over the base price. The base price for stock appreciation rights granted under the Equity Plan shall be determined by the compensation committee, but shall not be less than 100% of the fair market value of the underlying common stock on the grant date. The settlement value of the stock appreciation right may be paid in cash or shares of common stock, as specified in the award agreement.

Options and stock appreciation rights vest at the times determined by the compensation committee. In practice, our options and stock appreciation rights will vest over a four- or five-year period following the applicable vesting commencement date. All of the outstanding stock options granted to date to our employees are subject to a vesting period of at least four years and a vesting schedule with a one-year initial vesting period.

Awards granted to employees prior to January 1, 2008 generally expire ten years after they are granted, and awards granted to employees subsequent to January 1, 2008 generally expire seven years after the date of grant. The compensation committee may provide for a longer term, except that with respect to incentive stock options the term shall not exceed 10 years, and except that options and stock appreciation rights generally expire earlier if the participant's service terminates earlier. No participant may receive options covering more than 250,000 shares in one fiscal year (increased to 500,000 shares in the first fiscal year of employment). Similarly, no participant may receive stock appreciation rights covering more than 250,000 shares in one fiscal year (increased to 500,000 shares in the first fiscal year of employment).

Restricted Shares and Stock Units. Restricted shares may be awarded under the Equity Plan in return for such legal consideration as the compensation committee determines, including:

cash or cash equivalents;

full-recourse promissory notes (except as prohibited by law)

services already provided to us; or

services to be provided to us in the future.

Stock units may also be awarded under the Equity Plan. Restricted shares vest at the times determined by the compensation committee. All of the outstanding restricted shares and restricted stock units granted to date to our employees are subject to a vesting period of at least three years if such award is based on the satisfaction of performance criteria or objectives and a vesting period of at least four years if such award is based on the holder's continued employment as an employee with the company. All of the restricted shares and restricted stock units granted to our employees are subject to a vesting schedule with a one-year initial vesting period.

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No cash consideration shall be required of the award recipients. Each award of stock units may or may not be subject to vesting and vesting, if any, shall occur upon satisfaction of the conditions specified by the compensation committee. Settlement of vested stock units may be made in the form of cash, shares of common stock or a combination of both, as specified in the stock unit agreement. The compensation committee may award dividend equivalents in connection with the grant of stock units. These may be paid in cash or in shares of common stock, as specified by the compensation committee. Settlement of stock units may be deferred past the vesting date, as specified by the compensation committee. No participant may receive restricted shares that are subject to performance-based vesting covering more than 250,000 shares in one fiscal year. Similarly, no participant may receive stock units that are subject to performance-based vesting covering more than 250,000 shares in one fiscal year.

Merger or Consolidation. If we are merged or consolidated, all Equity Plan awards shall be subject to the agreement of merger or consolidation, which shall provide for one or more of the following:

The continuation of any outstanding awards by us (if we are the surviving corporation);

The assumption or substitution of any outstanding awards by the surviving corporation or its parent;

Accelerated vesting of outstanding options and stock appreciation rights, followed by their cancellation;

The cancellation of any outstanding options and stock appreciation rights in exchange for a payment (in cash or stock) equal to the per share price received in the transaction less the exercise price. Such payment may be subject to the vesting schedule of the cancelled option or SAR; and

The cancellation of any outstanding stock units in exchange for a payment (in cash or stock) equal to the value of the underlying shares if any, on the date of the merger or consolidation. Such payment may be subject to the vesting schedule of the cancelled stock unit.

Amendment or Termination. Our board of directors may amend or terminate the Equity Plan at any time. If our board of directors amends the plan, it does not need to ask for stockholder approval of the amendment unless applicable law requires it. The Equity Plan will continue in effect for ten years from its initial Board adoption date on April 17, 2006, unless the board of directors decides to terminate the plan earlier.

Performance Goals. The compensation committee (in its discretion) may make performance goals applicable to a participant with respect to an award under the Equity Plan, including but not limited to restricted stock and stock units. If the compensation committee desires that an award qualify as performance-based compensation under Code Section 162(m), then, at the compensation committee's discretion, one or more of the following performance goals may apply:

(i) cash flow (including operating cash flow or free cash flow); (ii) revenue (on an absolute basis or adjusted for currency effects); (iii) gross margin; (iv) operating expenses or operating expenses as a percentage of revenue; (v) earnings (which may include earnings before interest and taxes, earnings before taxes, net earnings or EBITDA); (vi) earnings per share; (vii) stock price; (viii) return on equity; (ix) total stockholder return; (x) growth in stockholder value relative to the moving average of the S&P 500 Index, or another index; (xi) return on capital; (xii) return on assets or net assets; (xiii) return on investment; (xiv) economic value added; (xv) operating income or net operating income; (xvi) operating margin; (xvii) market share; (xviii) overhead or other expense reduction; (xix) credit rating; (xx) objective customer indicators; (xxi) improvements in productivity; (xxii) attainment of objective operating goals; (xxiii) objective employee metrics; (xxiv) return ratios; (xxv) objective qualitative milestones; (xxvi) other objective financial or other metrics relating to our progress or to a subsidiary, division or department of us; (xxvii) number of customers (or estimated membership, with the formulae for such estimations being objectively determinable), submitted applications or members, or approved applications or members, sold applications or members; (xxviii) conversion yields achieved from website visitors to sold members (including any sub-yield in between); (xxix) increase in membership; (xxx) cost of acquiring members or applicants; or (xxxi) retention of membership.

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The performance measures listed above may apply to either us as a whole or, except with respect to stockholder return metrics, to a region, business unit, affiliate or business segment, and may be measured either on an absolute basis, a per-share basis or relative to a pre-established target, to a previous period's results or to a designated comparison group, in each case as specified by the compensation committee. Financial performance measures may be determined in accordance with United States Generally Accepted Accounting Principles (GAAP), in accordance with accounting principles established by the International Accounting Standards Board (IASB Principles) or may be adjusted by the compensation committee when established to exclude or include any items otherwise includable or excludable, respectively, under GAAP or under IASB Principles. The compensation committee may choose other performance goals for awards that are not intended to qualify as performance-based compensation under Code Section 162(m).

1998 and 2005 Stock Plans We maintain the 1998 Stock Plan and the 2005 Stock Plan, under which we previously granted restricted stock and options to purchase shares of our common stock, including all stock options granted to our Named Executive Officers prior to October 2006. The 1998 and 2005 Stock Plans were terminated with respect to the grant of additional awards upon the effective date of the registration statement related to our initial public offering in October 2006, although we will continue to issue shares of common stock upon the exercise of stock options granted under each plan. The stock options and restricted stock grants under the 1998 and 2005 Stock Plans generally vest over four years at a rate of 25% after one year and 1/48th per month thereafter. Our stock options granted under the 1998 Stock Plan and 2005 Stock Plan generally expire after 10 years from the date of grant.

Pension Benefits

None of our Named Executive Officers participate in or have account balances in qualified or non-qualified defined benefit plans sponsored by us.

Non-Qualified Deferred Compensation

None of our Named Executive Officers participates in or has account balances in non-qualified defined contribution plans or other deferred compensation plans maintained by us.

Employment Agreements and Change of Control Arrangements

We entered into a management retention agreement with Mr. Lauer, chairman of our board of directors and our chief executive officer, in March 2010 (the Lauer Retention Agreement), which superseded the terms of prior severance arrangements between Mr. Lauer and us. Under the terms of the Lauer Retention Agreement, if Mr. Lauer terminates his employment with us for good reason, or if we terminate Mr. Lauer's employment without cause (as such terms are defined in the Lauer Retention Agreement), in either case outside of the period beginning on the date we enter into a binding agreement to effect a change in control (as such term is defined in the Lauer Retention Agreement) and ending 12 months after our ensuing change in control (the Change in Control Period), Mr. Lauer will receive the following severance benefits from us, subject to his signing and not revoking a release of claims that becomes effective within 60 days of his date of termination:

a lump sum cash payment (less applicable withholding taxes) in an amount equal to 24 months of Mr. Lauer's then current annual base salary;

a lump sum cash payment (less applicable withholding taxes) in an amount equal to Mr. Lauer's then current target annual bonus, pro-rated to the date of termination; and

Mr. Lauer and his covered dependents will receive continued company-paid group health, dental and vision benefits until the earlier of (i) 18 months from the termination date or (ii) until they become covered under comparable group health, dental and vision plans of another employer.

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If within the Change in Control Period, Mr. Lauer terminates his employment with us for good reason, or if we terminate Mr. Lauer's employment without cause, Mr. Lauer will receive the same severance benefits from us as set forth above, plus 100% of his then outstanding and unvested equity awards will fully vest. Any severance payments to which Mr. Lauer is entitled will be paid by us to Mr. Lauer in cash and in full arrears on the 61st day following his date of termination (or such later date as necessary to avoid the imposition of additional taxes under Internal Revenue Code Section 409A). We are not obligated to pay Mr. Lauer a gross-up for taxation on his severance benefits.

Assuming Mr. Lauer terminated his employment with us for good reason, or we terminated Mr. Lauer's employment without cause, in either case outside of the Change in Control Period, on December 31, 2013, we would have been potentially required to pay Mr. Lauer severance payments totaling \$1,933,750 and an estimated amount of up to \$39,931 for COBRA health insurance premiums. Assuming such termination occurred within the Change in Control Period on December 31, 2013, the value from the acceleration of his then unvested equity awards would have been \$9,068,110 calculated by multiplying the number of then unvested shares subject to outstanding stock options and restricted stock units by the closing market price on December 31, 2013, which was \$46.49 (the December 2013 Share Value), less the aggregate amount of applicable exercise prices.

We executed an employment agreement in March 2012 with Mr. Shaughnessy (the Shaughnessy Employment Agreement), our director, President and Chief Operating Officer. The Shaughnessy Employment Agreement, provides, among other things, that if we terminate Mr. Shaughnessy without cause or Mr. Shaughnessy voluntarily terminates his employment with us for good reason (as such terms are defined in the Shaughnessy Employment Agreement) in the period commencing on the date upon which we enter into a binding definitive agreement that if consummated, would constitute a change of control and ending twelve months following such change of control (the CIC Period), then, subject to the effectiveness of a release of claims to us and our affiliates from Mr. Shaughnessy, he will receive a lump-sum payment equal to twelve months' base salary, a pro-rated annual target bonus, a lump-sum payment of \$36,000 in lieu of Company-subsidized COBRA payments and 100% vesting acceleration of all equity compensation awards (which, for any unvested full-value awards subject to performance-based vesting where the performance period has not yet ended, will be at the on-target performance level).

In the event that Mr. Shaughnessy is terminated without cause or voluntarily terminates for good reason outside of the CIC Period, then subject to the effectiveness of a release of claims to us and our affiliates from Mr. Shaughnessy, he will receive twelve months' continued base salary payments, twelve months' continued payments of \$3,000 per month in lieu of Company-subsidized COBRA payments and twelve months' vesting acceleration of all equity compensation awards (which, for any unvested full-value awards subject to performance-based vesting where the performance period has not yet ended, will be at the on-target performance level), with a waiver of any vesting cliff of more than one month's duration. Mr. Shaughnessy's employment agreement does not provide any golden parachute excise tax gross-up provisions.

Assuming Mr. Shaughnessy terminated his employment with us for good reason, or we terminated Mr. Shaughnessy's employment without cause, in either case outside of the CIC Period, on December 31, 2013, we would have been potentially required to pay Mr. Shaughnessy severance payments totaling \$500,000, an estimated amount of up to \$36,000 for COBRA health insurance premiums, and the value from the acceleration of twelve months (which, for any unvested full-value awards subject to performance-based vesting where the performance period has not yet ended, will be at the on-target performance level), with a waiver of any vesting cliff of more than one month's duration, of his then unvested equity awards, which would have been \$4,826,270 calculated by multiplying the number of the accelerated shares subject to outstanding stock options and restricted stock units by the December 2013 Share Value, less the aggregate amount of applicable exercise prices.

Assuming such termination occurred within the CIC Period on December 31, 2013, we would have been potentially required to pay Mr. Shaughnessy severance payments totaling \$800,000, an estimated amount of up to \$36,000 for COBRA health insurance premiums, and the value from the acceleration of 100% of his equity

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awards (which, for any unvested full-value awards subject to performance-based vesting where the performance period has not yet ended, will be at the on-target performance level), which would have been \$10,923,370 calculated by multiplying the number of then unvested shares subject to outstanding stock options and restricted stock units by the December 2013 Share Value, less the aggregate amount of applicable exercise prices.

We executed an offer letter in May 2000, as amended in August 2000, with Mr. Huizinga, our senior vice president and chief financial officer, which provides, among other things, that if we terminate Mr. Huizinga without cause, he will receive a lump-sum severance payment equal to six months of his base salary, which is not subject to his execution of a release of claims to us and our affiliates. We are not obligated to pay Mr. Huizinga a gross-up for taxation on his severance benefits. Assuming a termination without cause of Mr. Huizinga's employment occurred on December 31, 2013, we would have been potentially required to pay Mr. Huizinga severance totaling \$150,000. We have not entered into employment agreements with any of the Named Executive Officers that specify a fixed term of employment. The employment of each Named Executive Officer with us is at will.

Under our 2006 Equity Incentive Plan, the board of directors or its compensation committee, as administrator of the 2006 Equity Incentive Plan, has the authority to provide for accelerated vesting of the shares of common stock subject to outstanding options and restricted stock units held by our Named Executive Officers and any other person in connection with certain changes in our control. In addition, equity awards granted to our non-employee directors as part of the automatic grant program for those directors will become fully vested upon a change of control of eHealth.

Equity Compensation Plan Information

The following table sets forth information regarding outstanding options and shares reserved for future issuance under our equity compensation plans as of December 31, 2013:

| Plan Category | Number of securities to be issued upon exercise of outstanding options and rights (a) | Weighted-average exercise price of outstanding options (b) | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c) |
|--|--|---|--|
| Equity compensation plans approved by security holders(1) | 2,758,537 | \$ 17.91 | 4,085,241(2) |
| Equity compensation plans not approved by security holders | | | |
| Total | 2,758,537 | \$ 17.97 | 4,085,241 |

- (1) Consists of the 1998 Stock Plan, the 2005 Stock Plan and the 2006 Equity Incentive Plan. Our board of directors determined not to grant any additional equity awards under the 1998 Stock Plan or the 2005 Stock Plan following the completion of our initial public offering in October 2006.
- (2) A total of 2,000,000 shares of our common stock were initially authorized and reserved for issuance under the 2006 Equity Incentive Plan. Additionally, beginning in 2007, on each January 1 for the ten-year term of the 2006 Equity Incentive Plan, the total number of shares of our common stock authorized and reserved for issuance under the 2006 Equity Incentive Plan may increase pursuant to the automatic share replenishment provision under the 2006 Equity Incentive Plan. This automatic share replenishment provision provides for an increase in the number of shares of our common stock authorized and reserved for issuance under the 2006 Equity Incentive Plan in an amount equal to the least of (A) four percent of the number of outstanding shares of common stock as of such January 1, (B) one million five hundred thousand (1,500,000) shares, or (C) an amount determined by our board of directors.

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REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

This report shall not be deemed incorporated by reference by any general statement incorporating by reference this Proxy Statement into any filing under the Securities Act of 1933, as amended, or under the Securities Exchange Act of 1934, as amended, except to the extent we specifically incorporate this report by reference, and shall not otherwise be deemed filed under such Acts.

The audit committee of the board of directors is comprised of three directors, each of whom qualifies as independent under the rules of the Securities and Exchange Commission and the current listing requirements of the NASDAQ Global Market. The members of the audit committee during 2013 were Michael D. Goldberg, Randall S. Livingston, and Ellen O. Tauscher. The audit committee acts pursuant to a written charter that was adopted by the board of directors in April 2006, as amended.

In performing its functions, the audit committee acts in an oversight capacity and relies on the work and assurances of (i) the company's management, which has the primary responsibility for financial statements and reports and the company's internal controls, and (ii) the company's independent registered public accounting firm, which, in its report, expresses an opinion on the conformity of the company's annual financial statements with accounting principles generally accepted in the United States. It is not the duty of the audit committee to plan or conduct audits, to determine that the company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles, or to assess the company's internal control over financial reporting.

Within this framework, the audit committee has reviewed and discussed with management the company's audited financial statements as of and for the fiscal year ended December 31, 2013 and the company's internal control over financial reporting. The audit committee also has discussed with the independent registered public accounting firm the matters required to be discussed by Statement on Auditing Standards No. 61, as amended, as adopted by the Public Company Accounting Oversight Board in Rule 3200T. In addition, the audit committee has received the written disclosures and letter from the independent registered public accounting firm required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the audit committee concerning independence, has discussed with the independent registered public accounting firm, Ernst & Young LLP, the independence of that firm and has considered whether the provision of non-audit services was compatible with maintaining the independence of that firm.

Based upon these reviews and discussions, the audit committee recommended to the Board of Directors that the audited financial statements be included in the company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

Audit Committee

Michael D. Goldberg

Randall S. Livingston

Ellen O. Tauscher

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The audit committee has appointed the firm of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2014. Representatives of Ernst & Young LLP are expected to be present at the Annual Meeting. They will have an opportunity to make a statement, if they desire to do so, and will be available to respond to appropriate questions.

Principal Accountant Fees and Services

The following table sets forth the aggregate fees billed or expected to be billed by Ernst & Young LLP for audit and other services rendered in 2012 and 2013 (in thousands):

| | Fiscal Years Ended | |
|-----------------------|---------------------------|-----------------|
| | 2012 | 2013 |
| Audit fees(1) | \$ 1,421 | \$ 1,462 |
| Audit-related fees(2) | \$ 50 | \$ |
| Tax fees(3) | \$ 10 | \$ |
| All other fees(4) | \$ 18 | \$ 2 |
| | \$ 1,499 | \$ 1,464 |

- (1) Audit fees: These fees consist of professional services rendered for the audit of our annual consolidated financial statements, review of our quarterly consolidated financial statements, accounting advice and consultations, documentation assistance procedures to meet the requirements of the Sarbanes-Oxley Act of 2002, as well as accounting advice and services that are normally provided by Ernst & Young LLP in connection with regulatory filings or engagements.
- (2) Audit-related fees: These consist of fees billed by Ernst & Young LLP for assurance and related services that are reasonably related to the performance of the audit or review of our consolidated financial statements and are not reported under Audit Fees.
- (3) Tax fees: These fees consist of professional services rendered for tax planning.
- (4) All other fees: These fees consist of services not captured in the audit, audit-related or tax categories.

The audit committee considered whether the provision of services other than audit services is compatible with maintaining Ernst & Young LLP's independence.

Pre-Approval Policies and Procedures

The audit committee's policy is to pre-approve all audit and permissible non-audit services provided by our independent registered public accounting firm. All audit and permissible non-audit services were pre-approved by the audit committee in accordance with the pre-approval policy described above.

Required Vote and Board of Directors Recommendation

Ratification of the appointment of Ernst and Young LLP as our independent registered public accounting firm requires the affirmative vote of a majority of the votes cast at the Annual Meeting in person or by proxy or at any postponement or adjournment of the Annual Meeting. This ratification is not required by our bylaws or otherwise. However, the board of directors is submitting the selection of Ernst & Young LLP to the stockholders for ratification as a matter of corporate practice. If the stockholders fail to ratify the selection, the audit committee may reconsider whether or not to retain that firm. Even if the selection is ratified, the audit committee in its discretion may direct the appointment of a different independent registered public accounting firm at any time during the year if the audit committee determines that such a change would be in the best interests of us and our stockholders.

*The board of directors recommends a vote **FOR** ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm.*

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PROPOSAL 3

ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION

As required by Section 14A of the Securities and Exchange Act of 1934, as amended, we are providing our stockholders with the opportunity to cast a non-binding, advisory vote to approve the compensation of our Named Executive Officers as described below and elsewhere in this proxy statement.

The goal for our executive compensation program is to attract, motivate and retain talented and dedicated executive officers. We seek to accomplish this goal in a way that directly links compensation to measurable corporate and individual performance and focuses executive officers on achieving near and long-term corporate objectives and strategy. We believe that our executive compensation program satisfies this goal and rewards our executives for creating stockholder value.

The Compensation Discussion and Analysis, beginning on page 27 of this proxy statement, describes our executive compensation program and the decisions made by our compensation committee relating to 2013 in more detail. We also urge our stockholders to read the Summary Compensation Table and other related compensation tables and narrative, beginning on page 42 of this proxy statement, which provides detailed information on the compensation of our Named Executive Officers.

We request stockholder approval of the compensation of our Named Executive Officers as disclosed pursuant to the Securities and Exchange Commission's compensation disclosure rules (which disclosure includes the Compensation Discussion and Analysis, the compensation tables and the narrative disclosures that accompany the compensation tables). We currently plan to hold a non-binding, advisory vote annually, and expect that the next such stockholder advisory vote will occur at the 2015 Annual Meeting of Stockholders.

As an advisory vote, this proposal is not binding upon us. However, our compensation committee, which is responsible for designing and administering our executive compensation program, values the opinions expressed by stockholders in their vote on this proposal and will consider the outcome of the vote when making future compensation decisions for our Named Executive Officers.

Required Vote and Board of Directors Recommendation

Approval of Proposal 3 requires the affirmative vote of a majority of the votes cast at the Annual Meeting in person or by proxy or at any postponement or adjournment of the Annual Meeting.

The board of directors recommends a vote FOR the approval of the compensation of our Named Executive Officers as disclosed in this proxy statement in accordance with Securities and Exchange Commission rules.

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PROPOSAL 4

RE-APPROVAL OF EHEALTH, INC. PERFORMANCE BONUS PLAN

Stockholders originally approved the Performance Bonus Plan (the Bonus Plan) at our 2009 annual stockholder meeting. Our board of directors has re-adopted and is requesting that our stockholders re-approve the Bonus Plan, so that we may qualify performance-based cash incentives made under the plan as performance-based compensation under Section 162(m) of the Internal Revenue Code (Section 162(m)) for 2015 and later calendar years. The compensation committee may determine to use the Bonus Plan in its discretion for any of our executive officers or for none of our executive officers. This summary is qualified in its entirety by reference to the Bonus Plan itself set forth in Appendix A.

The purpose of the Bonus Plan is to motivate certain executives to achieve corporate or business unit performance objectives and to reward them when those objectives are satisfied. Stockholders are being asked to approve the plan for purposes of Section 162(m). Section 162(m) generally does not allow publicly held companies to take tax deductions for compensation of more than \$1 million paid in any year to any executive officer covered by Section 162(m), unless such payments are performance-based in accordance with conditions specified under Section 162(m). One of those conditions requires that we obtain stockholder approval of the material terms of the Bonus Plan.

Description of the Performance Bonus Plan

Eligibility. Executive officers who are chosen solely at the discretion of the compensation committee are eligible to participate in the Bonus Plan. Because our executive officers are eligible to receive awards under the Bonus Plan, our executive officers have an interest in this proposal. No person is automatically entitled to participate in the Bonus Plan in any Bonus Plan year. We may also pay discretionary or other bonuses, or other types of compensation, outside of the Bonus Plan.

Purpose. The purpose of the Bonus Plan is to motivate the participants to achieve our corporate and business unit performance objectives and to reward them when those objectives are satisfied. If certain requirements are satisfied, bonuses issued under the Plan may qualify as deductible performance-based compensation within the meaning of Section 162(m) of the Code.

Administration. The Bonus Plan will be administered by the compensation committee, consisting of no fewer than two independent members of our board of directors.

Determination of Awards. Under the Bonus Plan, participants are eligible to receive cash payments based upon the attainment and certification of certain objective performance criteria established by the compensation committee. The performance measures for any performance period will be any one or more of the following objective performance criteria, applied to either us as a whole or, except with respect to stockholder return metrics, to a region, business unit, affiliate or business segment, and measured either on an absolute basis or relative to a pre-established target, to a previous period's results or to a designated comparison group, in each case as specified by the compensation committee, and, with respect to financial metrics, which may be determined in accordance with United States Generally Accepted Accounting Principles (GAAP), in accordance with accounting principles established by the International Accounting Standards Board (IASB) or which may be adjusted when established to exclude any items otherwise includable under GAAP or IASB: (i) cash flow (including operating cash flow or free cash flow), (ii) revenue (on an absolute basis or adjusted for currency effects), (iii) gross margin, (iv) operating expenses or operating expenses as a percentage of revenue (including or excluding stock-based compensation), (v) earnings (which may include earnings before interest, taxes, depreciation, amortization, stock-based compensation, or earnings before taxes or net earnings), (vi) earnings per share, (vii) stock price, (viii) return on equity, (ix) total stockholder return, (x) growth in stockholder value relative to the moving average of the S&P 500 Index or another index, (xi) return on capital,

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(xii) return on assets or net assets, (xiii) return on investment, (xiv) economic value added, (xv) operating profit or net operating profit (including or excluding stock-based compensation), (xvi) operating margin (including or excluding stock-based compensation), (xvii) market share, (xviii) contract awards or backlog, (xix) overhead or other expense reduction, (xx) credit rating, (xxi) objective customer indicators, (xxii) new product invention or innovation, (xxiii) attainment of research and development milestones, (xxiv) improvements in productivity, (xxv) attainment of objective operating goals, and (xxvi) objective employee metrics. The performance criteria may differ for each participant.

Our compensation committee retains the discretion to reduce or eliminate any award that would otherwise be payable pursuant to the Bonus Plan.

Payment of Awards. All awards will be paid in cash as soon as is practicable following determination of the award. The compensation committee may also defer the payment of awards in its discretion, as necessary or desirable to preserve the deductibility of such awards under Section 162(m).

Maximum Award. The amounts that will be paid pursuant to the Bonus Plan are not currently determinable. The maximum bonus payment that any participant may receive under the Bonus Plan in any fiscal year is \$3,000,000.

Amendment and Termination. The compensation committee may amend, suspend or terminate the Bonus Plan, in whole or in part, at any time, including the adoption of amendments deemed necessary or desirable to correct any defect or supply omitted data or reconcile any inconsistency in the Bonus Plan or in any award granted thereunder. The compensation committee may amend or modify the Bonus Plan in any respect, or terminate the Bonus Plan, without the consent of any affected participant. However, in no event may such amendment or modification result in an increase in the amount of compensation payable pursuant to any award.

Indemnification. Our board of directors and its compensation committee are generally indemnified by us for any liability arising from claims relating to the Bonus Plan.

Federal Income Tax Consequences. Under present federal income tax law, participants will recognize ordinary income equal to the amount of the award received in the year of receipt. That income will be subject to applicable income and employment tax withholding by the Company. If and to the extent that the Bonus Plan payments satisfy the requirements of Section 162(m) and otherwise satisfy the requirements for deductibility under federal income tax law, we will receive a deduction for the amount constituting ordinary income to the participant. Plan payments have been structured to qualify for the short-term deferral exception to Internal Revenue Code Section 409A, which regulates certain deferred compensation arrangements.

Bonus Plan Benefits

Awards under the Bonus Plan are determined based on actual performance, so future actual awards (if any) cannot now be determined. The following table sets forth certain information regarding performance-based cash incentives paid during the last fiscal year for Mr. Lauer, as he was the only participant in the Bonus Plan for fiscal 2013.

| Named Executive Officer | Performance-Based Cash Incentives Paid for 2013 (\$) |
|-------------------------|--|
| Gary L. Lauer | 316,875 |

The board of directors recommends a vote FOR approval of the eHealth, Inc. Performance Bonus Plan.

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PROPOSAL 5

EHEALTH, INC. 2014 EQUITY INCENTIVE PLAN

We are asking our stockholders to approve our 2014 Equity Incentive Plan (the **Equity Plan**) and its material terms. If approved by stockholders, the Equity Plan will replace our current 2006 Equity Incentive Plan (the **2006 Plan**) and we will cease to make new awards under the 2006 Plan after such approval date, although the terms of the 2006 Plan will continue to govern outstanding awards thereunder.

Our board of directors has determined that it is in the best interests of the Company to approve the Equity Plan. If the stockholders do not approve the Equity Plan, the 2006 Plan will remain in place. The 2006 Plan is set to expire on October 12, 2016.

About our Request for Additional Shares

We believe the following are important considerations for stockholders in determining whether to approve the Equity Plan:

Our 2006 Plan contains an **evergreen provision** that has operated to increase the authorized number of shares available for issuance under our 2006 Plan automatically each year and without stockholder approval. The Equity Plan we are asking stockholders to approve does not contain an evergreen provision. Instead, increases in the number of shares authorized for issuance under the Equity Plan require stockholder approval.

By approving the Equity Plan, our stockholders will not experience the dilution that could occur if the 2006 Plan were to continue in effect, the 2006 Plan evergreen were to continue to operate and our compensation committee were to grant the number of shares that are authorized for issuance under the 2006 Plan.

In addition to the absence of an evergreen provision, the Equity Plan contains provisions that are not included in the 2006 Plan that are consistent with best compensation practices, such as a provision that prohibits repricing of outstanding stock options and stock appreciation rights and the inclusion of a favorable share counting methodology that results in shares not being available for future grant under the Equity Plan that could be available for use under the 2006 Plan, shortening of the maximum term of new options and stock appreciation rights to seven years from ten years and updating the change of control definition to conform to Section 409A.

Adoption of the Equity Plan will result in slightly fewer shares being authorized for issuance compared to what is currently available under our 2006 Plan as of the Record Date. If stockholders approve the Equity Plan, then we will not make any new awards under the 2006 Plan.

We are an ecommerce company that competes for talent with internet and technology companies in California's Silicon Valley. In order for us to be able to attract and retain necessary talent, it is essential that we award equity compensation competitively compared to these companies. It is unrealistic to expect us to be competitive in this regard if our equity award grant practices are measured against an insurance company peer group, which is what Institutional Shareholder Services, or **ISS**, does when determining a number of shares that should be reserved for issuance under our equity award plans.

The burn rate calculation that ISS uses to evaluate our equity grant practices has been adversely impacted by the several stock repurchase programs that we have completed. As a reminder, we have executed \$150 million in stock repurchase programs over the past four years and have repurchased over 30% of the outstanding number of shares of our common stock at the time when our board of directors authorized our first stock repurchase program. We also recently announced a new \$50 million stock repurchase program.

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We believe the appreciation in our stock price as of the Record Date is evidence that our compensation strategy has been successful. *Shares reserved for Issuance.* As of April 17, 2014, the Record Date, the Company had approximately 4,587,750 shares available for grant under the 2006 Plan, and 4% of our outstanding shares on January 1, or if less, 1,500,000 shares, can be added to the 2006 Plan pursuant to its evergreen provision in January 2015 and January 2016. We are asking for approval of 4,500,000 shares to be authorized for issuance under the Equity Plan, which is fewer shares than are available as of the Record Date under our 2006 Plan. Moreover, the Equity Plan as proposed does not include an evergreen provision. Unlike the 2006 Plan, any future increase to the share reserve under the Equity Plan would need to be approved by our stockholders. Any shares subject to outstanding awards under the 2006 Plan that expire or are otherwise forfeited to or repurchased by the Company following the 2014 Annual Meeting will NOT be available for future grant under the Equity Plan, if the Equity Plan is approved.

After considering our anticipated hiring and growth over the next few years and considering our historical forfeiture rates, we currently believe that the shares to be reserved under the Equity Plan may be sufficient for us to make anticipated grants of equity incentive awards under our current compensation program for at least the next four years. However, circumstances could alter this projection, such as a change in business conditions or our company strategy. In determining the number of shares we are asking stockholders to approve for use under the Equity Plan, we considered an estimate of our projected usage and our view of investor concerns about these types of proposals, including the following key plan metrics.

Overhang. On the Record Date, we had awards covering 2,700,599 shares outstanding and 19,022,695 shares of our common stock outstanding. Assuming stockholders had approved the Equity Plan on that date, our overhang would have been 21.5%. For this purpose, we calculated overhang as (i) the number of awards outstanding under all of our equity incentive plans as of the Record Date, plus the number of shares that would be available for future awards if stockholders approve this proposal, divided by (ii) our fully diluted shares outstanding (including the outstanding and newly reserved shares in (i)) as of the Record Date.

Burn rate. Gross burn rate measures our usage of shares for our stock plans as a percentage of our outstanding stock. For 2013, 2012 and 2011, our gross burn rates were 3.20%, 5.31%, and 2.62%, respectively. We calculated our gross burn rate by dividing the number of shares subject to awards granted during the year by the weighted average number of shares outstanding during the year. Net burn rate reflects equity awards granted during the fiscal year less equity awards cancelled and returned to the plan (net equity grants), divided by the weighted average number of shares outstanding. Our net burn rates for 2013, 2012, and 2011 were 2.63%, 3.36%, and 1.30%, respectively. We expect that our equity usage in future years will be consistent with our equity usage in 2013, although circumstances could alter this projection.

It is important to note that our gross and net burn rates have been impacted by our share repurchase programs. In the past four years, we have purchased approximately \$150 million of our common stock, or over 30% of our outstanding common stock as of December 31, 2013. This has reduced the base against which our equity usage is measured. For 2013, 2012 and 2011, our gross burn rates, excluding share repurchases in the past four years, were 2.38%, 4.34% and 2.32%, respectively. For 2013, 2012 and 2011, our net burn rates, excluding share repurchases in the past four years, were 1.96%, 2.74% and 1.15%, respectively.

An additional consideration is that Institutional Shareholder Services (ISS), a shareholder advisory firm, compares us against an insurance company category of companies when evaluating our burn rate and determining an appropriate number of shares that it believes should be reserved under our equity incentive plans. We, however, are an ecommerce company that competes for talent with other internet and technology employers in California's Silicon Valley. To remain competitive so that we can attract and retain excellent talent, it is essential that we award equity compensation at a level that allows us to compete with other Silicon Valley companies. ISS has acknowledged this distinction to some degree when evaluating the compensation we pay to

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our executives by using a combination of the peer group that we identify in our proxy statement and companies from the insurance category. ISS, however, has to date not agreed to use the same approach when evaluating our use of equity compensation under our equity incentive plans. We evaluate our burn rate in comparison with the burn rates of the peer group that we identify in this proxy statement, and our burn rate is in line with the burn rates of that peer group.

You can find additional information about our historical equity grants in note 4 to the financial statements included in our annual report on Form 10-K for the year ended December 31, 2013.

Key Provisions of Equity Plan

The Equity Plan, which includes the following changes from the 2006 Plan, contains provisions that we believe are consistent with current best compensation practices:

the Equity Plan does not include an evergreen provision to automatically increase the number of shares available under it;

the inclusion of a favorable share counting methodology, which results in the following shares not being recycled for future grant under the Equity Plan: (i) shares used in connection with the exercise of an option and/or stock appreciation right to pay the exercise price or purchase price of such award or satisfy applicable tax withholding obligations and (ii) gross number of shares subject to stock appreciation rights that are exercised;

the inclusion of a provision that prohibits repricing of outstanding stock options or stock appreciation rights; and

the inclusion of formalized and updated procedures to qualify awards as performance-based compensation under Section 162(m) of the Internal Revenue Code in order to preserve full tax deductibility of such awards to the Company.

Description of the Equity Plan

The following paragraphs provide a summary of the principal features of the Equity Plan and its operation. The Equity Plan is set forth in its entirety as [Appendix B](#) to this Proxy Statement. The following summary is qualified in its entirety by reference to the Equity Plan.

Eligibility. Employees, members of our board of directors who are not employees, and consultants are eligible to participate in the Equity Plan, provided a person will not be eligible to receive an award under the Equity Plan as a consultant if such person would cause shares to be ineligible for registration under the Securities Act of 1933 on Form S-8. As of the Record Date, the Company had approximately 980 employees, six members of our board who are not employees and approximately 19 consultants.

Purpose. The purpose of the Equity Plan is to promote our long-term success and create stockholder value by (i) encouraging our employees and other service providers to focus on our performance, (ii) encouraging the attraction and retention of employees and other service providers with exceptional qualifications and (iii) linking our employees and other service providers directly to stockholder interests through increased stock ownership. The Equity Plan seeks to achieve this purpose by providing for awards in the form of restricted shares, stock units, stock options or stock appreciation rights (each, an Award).

Shares Subject to Equity Plan. If stockholders approve the Equity Plan, a total of 4,500,000 shares will be reserved for issuance under the Equity Plan. The shares may be authorized, but unissued, or reacquired shares of our common stock. Any shares subject to outstanding awards under the 2006 Plan that expire or are otherwise forfeited to or repurchased by the Company following the 2014 Annual Meeting, will NOT be available for future grant under the Equity Plan, if approved

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Shares subject to Awards under the Equity Plan that expire or are cancelled or forfeited will again become available for issuance under the Equity Plan. However, shares available under the Equity Plan will not be increased by shares withheld to satisfy tax withholding obligations or shares tendered or withheld in payment of the purchase price of an option. Shares available will be reduced by the gross, rather than the net, number of shares subject to a stock appreciation right exercise. The shares available will not be reduced by Awards settled in cash. Any dividend equivalents paid or credited under the Equity Plan shall, if paid in shares, reduce the number of shares issuable under the Equity Plan.

In the event of a stock split or similar recapitalization, appropriate adjustments will automatically be made to the Equity Plan share pool, outstanding awards, the annual limits applicable to Equity Plan awards, and the exercise price of options and stock appreciation rights.

Administration. The compensation committee of our board of directors administers the Equity Plan. The compensation committee has the complete discretion to make all decisions relating to the Equity Plan.

Types of Award. The Equity Plan provides for the following types of awards:

incentive and nonstatutory stock options to purchase shares of our common stock;

restricted shares of our common stock; and

stock appreciation rights and stock units.

Options and Stock Appreciation Rights. The exercise price for options granted under the Equity Plan may not be less than 100% of the fair market value of our common stock on the option grant date.

A participant who exercises a stock appreciation right receives the increase in value of our common stock over the base price. The base price for stock appreciation rights granted under the Equity Plan shall be determined by the compensation committee, but shall not be less than 100% of the fair market value of the underlying common stock on the grant date. The settlement value of the stock appreciation right may be paid in cash or shares of common stock, as specified in the award agreement.

Options and stock appreciation rights vest at the times determined by the compensation committee and have a maximum term of seven years from the date of grant. No participant may receive options covering more than 500,000 shares in one Company fiscal year (increased to 1,000,000 shares in the first fiscal year of employment). Similarly, no participant may receive stock appreciation rights covering more than 500,000 shares in one Company fiscal year (increased to 1,000,000 shares in the first fiscal year of employment).

Restricted Shares and Stock Units. Restricted shares may be awarded under the Equity Plan in return for such legal consideration as the compensation committee determines. Restricted shares vest at the times determined by the compensation committee.

Stock units may also be awarded under the Equity Plan. Cash consideration may not be required of the award recipients, as determined by the compensation committee. Each award of stock units may or may not be subject to vesting and vesting, if any, shall occur upon satisfaction of the conditions specified by the compensation committee. Settlement of vested stock units may be made in the form of cash, shares of common stock or a combination of both. The compensation committee may award dividend equivalents in connection with the grant of stock units. These may be paid in cash or in shares of common stock, as specified by the compensation committee. Settlement of stock units may be deferred past the vesting date, as specified by the compensation committee. No participant may receive restricted shares that are subject to performance-based vesting covering more than 500,000 shares in one Company fiscal year. Similarly, no participant may receive stock units that are subject to performance-based vesting covering more than 500,000 shares in one Company fiscal year.

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Change of Control. In the event of a Change of Control (as defined in the Equity Plan) of the Company, all Equity Plan awards shall be treated as determined by the compensation committee, which may provide for one or more of the following:

Automatic acceleration of vesting of an Award upon the Change of Control or upon certain terminations following a Change of Control;

The assumption or substitution of any outstanding awards by the surviving corporation or its parent;

Accelerated vesting of outstanding options and stock appreciation rights, followed by their cancellation;

The cancellation of any outstanding options and stock appreciation rights in exchange for a payment (in cash or stock) equal to the per share price received in the transaction less the exercise price (such payment may be subject to the vesting schedule of the cancelled option or SAR); and

The cancellation of any outstanding stock units in exchange for a payment (in cash or stock) equal to the value of the underlying shares if any, on the date of the merger or consolidation (such payment may be subject to the vesting schedule of the cancelled stock unit).

Amendment or Termination. Our board of directors may amend or terminate the Equity Plan at any time. If our board of directors amends the plan, it does not need to ask for stockholder approval of the amendment unless applicable law requires it. The Equity Plan will continue in effect for ten years from the date of approval by stockholders, unless the board of directors decides to terminate the plan earlier.

Performance Goals. The compensation committee (in its discretion) may make performance goals applicable to a participant with respect to an Award, including but not limited to restricted stock and stock units. If the Committee desires that an Award qualify as performance-based compensation under Code Section 162(m), then, at the compensation committee's discretion, one or more of the following performance goals may apply: (i) cash flow (including operating cash flow or free cash flow); (ii) revenue (on an absolute basis or adjusted for currency effects); (iii) gross margin; (iv) operating expenses or operating expenses as a percentage of revenue; (v) earnings (which may include earnings before interest and taxes, earnings before taxes, net earnings or EBITDA); (vi) earnings per share; (vii) stock price; (viii) return on equity; (ix) total stockholder return; (x) growth in stockholder value relative to the moving average of the S&P 500 Index, or another index; (xi) return on capital; (xii) return on assets or net assets; (xiii) return on investment; (xiv) economic value added; (xv) operating income or net operating income; (xvi) operating margin; (xvii) market share; (xviii) overhead or other expense reduction; (xix) credit rating; (xx) objective customer indicators; (xxi) improvements in productivity; (xxii) attainment of objective operating goals; (xxiii) objective employee metrics; (xxiv) return ratios; (xxv) objective qualitative milestones; (xxvi) other objective financial or other metrics relating to the progress of the Company or to a subsidiary, division or department; (xxvii) number of customers (or estimated membership, with the formulae for such estimations being objectively determinable), submitted applications or members, or approved applications or members, sold applications or members; (xxviii) conversion yields achieved from website visitors to sold members (including any sub-yield in between); (xxix) increase in membership; (xxx) cost of acquiring members or applicants; or (xxxi) retention of membership.

The performance measures listed above may apply to either the Company as a whole or, except with respect to stockholder return metrics, to a region, business unit, affiliate or business segment, and may be measured either on an absolute basis, a per-share basis or relative to a pre-established target, to a previous period's results or to a designated comparison group, in each case as specified by the compensation committee. Financial performance measures may be determined in accordance with United States Generally Accepted Accounting Principles (GAAP), in accordance with accounting principles established by the International Accounting Standards Board (IASB Principles) or may be adjusted by our compensation committee when established to exclude or include any items otherwise includable or excludable, respectively, under GAAP or under IASB Principles. The compensation committee may choose other performance goals for awards that are not intended to qualify as performance-based compensation under Code Section 162(m).

Table of Contents**Certain United States Federal Income Tax Information**

The following paragraphs are a summary of the general federal income tax consequences to U.S. taxpayers and the Company of Awards granted under the Equity Plan. Tax consequences for any particular individual may be different.

The following discussion assumes that the fair market value of our common stock on the date of exercise is greater than the per share exercise price.

Nonstatutory Stock Options. No taxable income is reportable when a nonstatutory stock option with an exercise price equal to the fair market value of the underlying stock on the date of grant is granted to a participant. Upon exercise, the participant will recognize ordinary income in an amount equal to the excess of the fair market value (on the exercise date) of the shares purchased over the exercise price of the option. Any taxable income recognized in connection with an option exercise by an employee of the Company is subject to tax withholding by the Company. Any additional gain or loss recognized upon any later disposition of the shares would be capital gain or loss.

Incentive Stock Options. No taxable income is reportable when an incentive stock option is granted or exercised (except for purposes of the alternative minimum tax, in which case taxation is similar to nonstatutory stock options). If the participant exercises the option and then later sells or otherwise disposes of the shares more than two years after the grant date and more than one year after the exercise date, the difference between the sale price and the exercise price will be taxed as capital gain or loss. If the participant exercises the option and then later sells or otherwise disposes of the shares before the end of the two- or one-year holding periods described above, he or she generally will have ordinary income at the time of the sale equal to the fair market value of the shares on the exercise date (or the sale price, if less) minus the exercise price of the option.

Stock Appreciation Rights. No taxable income is reportable when a stock appreciation right with an exercise price equal to the fair market value of the underlying stock on the date of grant is granted to a participant. Upon exercise, the participant will recognize ordinary income in an amount equal to the amount of cash received and the fair market value of any shares received. Any additional gain or loss recognized upon any later disposition of the shares would be capital gain or loss.

Restricted Stock Awards. Restricted stock received pursuant to awards, including performance-based awards, will generally be considered subject to a substantial risk of forfeiture for federal income tax purposes. If a holder of restricted stock does not make the election described below, the holder realizes no taxable income upon the receipt of restricted stock and the Company is not entitled to a deduction at such time. When the forfeiture restrictions applicable to the restricted stock lapse, the holder will realize compensation income equal to the fair market value of the shares at that time, less any amount paid for the shares, and the Company will generally be entitled to a corresponding deduction. Individuals receiving shares of restricted stock may make an election under Section 83(b) of the Code with respect to the shares. By making a Section 83(b) election, the restricted stock holder elects to realize compensation income with respect to the shares when the restricted stock is granted rather than at the time the forfeiture restrictions lapse. The amount of such compensation income will be equal to the fair market value of the shares when the holder receives them (valued without taking the restrictions into account), less any amount paid for the shares, and the Company will generally be entitled to a corresponding deduction at that time. By making a Section 83(b) election, the holder will realize no additional compensation income with respect to the shares when the forfeiture restrictions lapse, and will instead recognize capital gain or loss with respect to the shares when they are sold.

Restricted Stock Units. A participant who is granted a restricted stock unit will not recognize any compensation income upon grant. The participant will recognize compensation income equal to the amount of cash and the fair market value of our common stock delivered to the participant in settlement of the restricted stock units. The Company will generally be entitled to a tax deduction in the year the restricted stock unit is settled in an amount equal to the compensation income recognized by the participant.

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Section 409A. Section 409A of the Code contains certain requirements for non-qualified deferred compensation arrangements with respect to an individual's deferral and distribution elections and permissible distribution events. Awards granted under the Equity Plan with a deferral feature will be subject to the requirements of Section 409A. If an Award is subject to and fails to satisfy the requirements of Section 409A, the recipient of that Award may recognize ordinary income on the amounts deferred under the Award, to the extent vested, which may be prior to when the compensation is actually or constructively received. Also, if an Award that is subject to Section 409A fails to comply with Section 409A's provisions, Section 409A imposes an additional 20% federal income tax on compensation recognized as ordinary income, as well as interest on such deferred compensation. In addition, certain states (such as California) have laws similar to Section 409A and, as a result, failure to comply with such similar laws may result in additional state income, penalty and interest charges.

Tax Effect for the Company. The Company generally will be entitled to a tax deduction in connection with an Award under the Equity Plan in an amount equal to the ordinary income realized by a participant at the time the participant recognizes such income (for example, the exercise of a nonstatutory stock option). Special rules limit the deductibility of compensation paid to the Company's Chief Executive Officer and to each of its three most highly compensated executive officers (other than the Chief Financial Officer). Under Section 162(m), the annual compensation paid to any of these specified executives will be deductible only to the extent that it does not exceed \$1,000,000. However, the Company can preserve the deductibility of certain compensation in excess of \$1,000,000 if the conditions of Section 162(m) are met. These conditions include (i) stockholder approval of the material terms of the Equity Plan as requested pursuant to this proposal, (ii) setting limits on the number of Awards that any individual may receive, and (iii) for Awards other than certain stock options and stock appreciation rights, establishing performance criteria that must be met and certified by the compensation committee of our board of directors before the Award actually will vest or be paid. The Equity Plan has been designed to permit the Committee to grant Awards that qualify as performance-based for purposes of satisfying the conditions of Section 162(m).

THE FOREGOING IS ONLY A SUMMARY OF THE EFFECT OF UNITED STATES FEDERAL INCOME TAXATION UPON PARTICIPANTS AND THE COMPANY WITH RESPECT TO THE GRANT, EXERCISE AND/OR VESTING OF AWARDS UNDER THE EQUITY PLAN. IT DOES NOT PURPORT TO BE COMPLETE, AND DOES NOT DISCUSS THE TAX CONSEQUENCES OF A PARTICIPANT'S DEATH OR THE PROVISIONS OF THE INCOME TAX LAWS OF ANY MUNICIPALITY, STATE OR FOREIGN COUNTRY IN WHICH THE PARTICIPANT MAY RESIDE.

Number of Awards Granted to Employees, Consultants and Directors

We have not granted any awards under the Equity Plan. The number of awards that an employee, director or consultant may receive under the Equity Plan is in the discretion of the compensation committee and therefore cannot be determined in advance. Our compensation committee may approve awards to our non-executive officer employees under the Equity Plan prior to the approval of the Equity Plan by our stockholders under this Proposal 5, although the number of awards is not determinable as of the date of this Proxy Statement as the awards have not been approved by our compensation committee. In the event our stockholders do not approve of the Equity Plan, we anticipate these awards, if made, would be made under the 2006 Plan. Additionally, under our current compensation program for non-employee members of our board of directors, each non-employee member of our board of directors continuing service on our board of directors receives, on the date of our annual stockholders' meeting, an annual grant of restricted stock units with a value of \$150,000, based on the 20-day volume-weighted average trading price of our common stock prior to the date of grant. If the stockholders approve the Equity Plan, we expect this annual grant of restricted stock units to be made under the Equity Plan following our registering the shares to be reserved under the Equity Plan with the Securities and Exchange Commission. The number of shares of our common stock subject to these restricted stock units is not determinable at this time given that it is based on the trading price of our common stock over the 20 days prior to the date of grant.

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Our executive officers are eligible to receive awards under the Equity Plan and, accordingly, our executive officers have an interest in this proposal. The following table sets forth (i) the aggregate number of shares of common stock subject to options and restricted stock units which would have been received by our named executive officers and the other groups listed below during the last fiscal year under the Equity Plan if the Equity Plan had been in effect and (ii) the average per share exercise price of any such options and the dollar value of any restricted stock units computed in accordance with FASB ASC Topic 718.

| Name and Position | Number of Options Granted | Weighted Average Per Share Exercise Price of Options | Number of Shares of Restricted Stock Units Granted | Dollar Value of Restricted Stock Units (1) |
|---|------------------------------------|--|--|--|
| Gary L. Lauer, Chief Executive Officer | | | 100,000 | 1,926,000(2) |
| William T. Shaughnessy, President and Chief Operating Officer | | | 48,604 | 955,718(3) |
| Stuart M. Huizinga, Senior Vice President and Chief Financial Officer | | | 22,000 | 423,720(4) |
| Robert S. Hurley, Senior Vice President of Sales and Operations | | | 22,000 | 423,720(4) |
| Tom G. Tsao, Senior Vice President of Product Management | | | 26,000 | 500,760(5) |
| All executive officers, as a group | | | 218,604 | 4,229,918(6) |
| All directors who are not executive officers, as a group | | | 36,456 | 921,607 |
| All employees who are not executive officers, as a group | 227,400 | \$ 28.82 | 232,235 | 5,107,443 |

- (1) Amounts were computed in accordance with FASB ASC Topic 718. Our accounting policies regarding equity compensation and the assumptions used to calculate the value of our equity awards are set forth in Notes 1 and 4 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2013.
- (2) Amount represents the grant date fair value of 100,000 PSUs granted in 2013, assuming performance criteria were met at 100% achievement. The PSUs granted in 2013 are earned if the Company meets predefined revenue targets in 2013 and 2014. The revenue target for 2013 was met at more than 100% achievement. The number of PSUs earned in 2013 based on 2013 revenue performance was 52,599 PSUs. The grant date fair value of the 52,599 PSUs actually earned by Mr. Lauer in 2013 is \$1,013,056. The grant date fair value of the PSUs that could be earned based on 2014 revenue performance at target and included in the grant date fair value for 2013 is \$963,000.
- (3) Amount represents the grant date fair value of 3,604 RSUs (subject to time-based vesting) and 45,000 PSUs granted in 2013, assuming performance criteria were met at 100% achievement. The PSUs granted in 2013 are earned if the Company meets predefined revenue targets in 2013 and 2014. The revenue target for 2013 was met at more than 100% achievement. The number of PSUs earned in 2013 based on 2013 revenue performance was 23,669 PSUs. The grant date fair value of the 23,669 PSUs actually earned by Mr. Shaughnessy in 2013 is \$455,864. The grant date fair value of the PSUs that could be earned based on 2014 revenue performance at target and included in the grant date fair value for 2013 is \$433,350.
- (4) Amount represents the grant date fair value of 5,500 RSUs (subject to time-based vesting) and 16,500 PSUs granted in 2013, assuming performance criteria were met at 100% achievement. The PSUs granted in 2013 are earned if the Company meets predefined revenue targets in 2013 and 2014. The revenue target for 2013 was met at more than 100% achievement. The number of PSUs earned in 2013 based on 2013 revenue performance was 8,678 PSUs. The grant date fair value of the 8,678 PSUs actually earned by this executive officer in 2013 is \$167,138. The grant date fair value of the PSUs that could be earned based on 2014 revenue performance at target and included in the grant date fair value for 2013 is \$158,895.
- (5) Amount represents the grant date fair value of 6,500 RSUs (subject to time-based vesting) and 19,500 PSUs granted in 2013, assuming performance criteria were met at 100% achievement. The PSUs granted in 2013 are earned if the Company meets predefined revenue targets in 2013 and 2014. The revenue target for 2013 was met at more than 100% achievement. The number of PSUs earned in 2013 based on 2013 revenue performance was 10,256. The grant date fair value of the 10,256 PSUs earned by Mr. Tsao in 2013 is

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\$197,530. The grant date fair value of the PSUs that could be earned based on 2014 revenue performance at target and included in the grant date fair value for 2013 is \$187,785.

(6) Amount includes all executive officers in table.

Vote Required and Board of Directors Recommendation

The affirmative vote of a majority of the outstanding shares of common stock present in person or represented by proxy and entitled to vote at the Annual Meeting is required to approve the material terms of the 2014 Equity Incentive Plan in order for the Company to continue to receive a federal income tax deduction for certain compensation paid under the 2014 Equity Incentive Plan.

The Board of Directors Recommends a Vote For the Proposal to Approve the Material Terms of the 2014 Equity Incentive Plan.

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SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our executive officers and directors and persons who beneficially own more than 10% of our common stock (collectively, Reporting Persons) to file reports of beneficial ownership and changes in beneficial ownership with the Securities and Exchange Commission and the NASDAQ Global Market. Reporting Persons are required by Securities and Exchange Commission regulations to furnish us with copies of all Section 16(a) forms they file. Based solely on our review of such reports received or written representations from certain Reporting Persons, we believe that during the fiscal year ended December 31, 2013 all Reporting Persons complied with all applicable reporting requirements.

STOCKHOLDER PROPOSALS FOR THE 2015 ANNUAL MEETING

The deadline for submitting a stockholder proposal for inclusion in our proxy statement and form of proxy for our 2015 Annual Meeting of Stockholders pursuant to Rule 14a-8 of the Exchange Act is December 31, 2014.

Our bylaws contain additional advance notice requirements, including requirements with respect to advance notice of stockholder proposals. Under our bylaws, a stockholder proposal will be ineligible for presentation at the meeting unless the stockholder gives timely notice of the proposal in writing to our secretary at our executive offices and otherwise complies with the provisions of our bylaws. To be timely, our bylaws provide that such stockholder s notice must be received by our secretary at our principal executive offices no less than 90 days, nor more than 120 days, prior to the one-year anniversary date of the immediately preceding year s annual meeting; provided, however, that in the event that no annual meeting was held in the previous year or the annual meeting is called for a date that is not within 30 days before or after such anniversary date, notice by the stockholder to be timely must be so received not later than the close of business on the later of (i) the 90th day before the annual meeting or (ii) the 10th day following the day on which public announcement of the date of the meeting was made. To be timely for our 2015 Annual Meeting of Stockholders, notice by the stockholder must be received by our secretary at our principal executive offices no earlier than February 12, 2015 and no later than March 14, 2015 (provided, however, that in the event that the annual meeting is called for a date that is not within 30 days before or after the one-year anniversary date of the 2014 Annual Meeting of Stockholders, then notice by the stockholder to be timely must be so received not later than the close of business on the later of (i) the 90th day before the annual meeting or (ii) the 10th day following the day on which public announcement of the date of the meeting was made).

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ANNUAL REPORT

We will furnish without charge, upon written request of any person who was a stockholder or beneficial owner of common stock at the close of business on April 17, 2014, a copy of our Annual Report on Form 10-K, including the financial statements and the financial statement schedules. The written request should be sent to: Investor Relations, eHealth, Inc., 440 East Middlefield Road, Mountain View, CA 94043.

Whether you intend to be present at the Annual Meeting or not, we urge you to vote promptly by using the Internet or telephone, or, if you requested to receive printed proxy materials, by signing and mailing the proxy or voting instruction form.

By order of the Board of Directors.
Gary L. Lauer

Chairman of the Board of Directors and

Chief Executive Officer

Mountain View, California

April 30, 2014

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Appendix A

EHEALTH, INC.

PERFORMANCE BONUS PLAN

1) **Purposes of the Plan.** The Plan is intended to increase shareholder value and the success of the Company by motivating key executives to: (1) perform to the best of their abilities, and (2) achieve the Company's objectives. The Plan's goals are to be achieved by providing such executives with incentive awards based on the achievement of goals relating to the performance of the Company or upon the achievement of objectively determinable individual performance goals. The Plan is intended to permit the payment of bonuses that may qualify as performance-based compensation under Code section 162(m).

2) **Definitions.**

Award means, with respect to each Participant, the award determined pursuant to Section 8(a) below for a Performance Period. Each Award is determined by a Payout Formula for a Performance Period, subject to the Committee's authority under Section 8(a) to eliminate or reduce the Award otherwise payable.

Base Salary means as to any Performance Period, the Participant's annualized salary rate on the last day of the Performance Period. Such Base Salary shall be before both (a) deductions for taxes or benefits, and (b) deferrals of compensation pursuant to Company-sponsored plans.

Board means the Board of Directors of the Company.

Code means the Internal Revenue Code of 1986, as amended.

Committee means the Compensation Committee of the Board.

Company means eHealth, Inc. or any of its subsidiaries (as such term is defined in Code Section 424(f)).

Determination Date means the latest possible date that will not jeopardize a Target Award or Award's qualification as Performance-Based Compensation.

Fiscal Quarter means a fiscal quarter of the Company.

Fiscal Year means a fiscal year of the Company.

Maximum Award means as to any Participant for any Performance Period, \$3 million.

Participant means an executive officer of the Company participating in the Plan for a Performance Period.

Payout Formula means as to any Performance Period, the formula or payout matrix established by the Committee pursuant to Section 7 in order to determine the Awards (if any) to be paid to Participants. The formula or matrix may differ from Participant to Participant.

Performance-Based Compensation means compensation that is intended to qualify as performance-based compensation within the meaning of Section 162(m).

Performance Goals means the goal(s) (or combined goal(s)) determined by the Committee (in its discretion) to be applicable to a Participant with respect to an Award. As determined by the Committee, the

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performance measures for any performance period will be any one or more of the following objective performance criteria, applied to either the Company as a whole or, except with respect to stockholder return metrics, to a region, business unit, affiliate or business segment, and measured either on an absolute basis or relative to a pre-established target, to a previous period's results or to a designated comparison group, and, with respect to financial metrics, which may be determined in accordance with United States Generally Accepted Accounting Principles (GAAP), in accordance with accounting principles established by the International Accounting Standards Board (IASB Principles) or which may be adjusted when established to exclude any items otherwise includable under GAAP or under IASB Principles: (i) cash flow (including operating cash flow or free cash flow), (ii) revenue (on an absolute basis or adjusted for currency effects), (iii) gross margin, (iv) operating expenses or operating expenses as a percentage of revenue (including or excluding stock-based compensation), (v) earnings (which may include earnings before interest, taxes, depreciation, amortization, stock-based compensation, or earnings before taxes or net earnings), (vi) earnings per share, (vii) stock price, (viii) return on equity, (ix) total stockholder return, (x) growth in stockholder value relative to the moving average of the S&P 500 Index or another index, (xi) return on capital, (xii) return on assets or net assets, (xiii) return on investment, (xiv) economic value added, (xv) operating profit or net operating profit (including or excluding stock-based compensation), (xvi) operating margin (including or excluding stock-based compensation), (xvii) market share, (xviii) contract awards or backlog, (xix) overhead or other expense reduction, (xx) credit rating, (xxi) objective customer indicators, (xxii) new product invention or innovation, (xxiii) attainment of research and development milestones, (xxiv) improvements in productivity, (xxv) attainment of objective operating goals, and (xxvi) objective employee metrics.

Performance Period means any Fiscal Quarter or Fiscal Year, or such other longer period but not in excess of five Fiscal Years, as determined by the Committee in its sole discretion.

Plan means this Performance Bonus Plan.

Plan Year means the Company's fiscal year.

Section 162(m) means Section 162(m) of the Code, or any successor to Section 162(m), as that Section may be interpreted from time to time by the Internal Revenue Service, whether by regulation, notice or otherwise.

Target Award means the target award payable under the Plan to a Participant for the Performance Period, expressed as a percentage of his or her Base Salary or a specific dollar amount, as determined by the Committee in accordance with Section 6.

3) **Plan Administration**.

a) The Committee shall be responsible for the general administration and interpretation of the Plan and for carrying out its provisions. Subject to the requirements for qualifying compensation as Performance-Based Compensation, the Committee may delegate specific administrative tasks to Company employees or others as appropriate for proper administration of the Plan. Subject to the limitations on Committee discretion imposed under Section 162(m), the Committee shall have such powers as may be necessary to discharge its duties hereunder, including, but not by way of limitation, the following powers and duties, but subject to the terms of the Plan:

i) discretionary authority to construe and interpret the terms of the Plan, and to determine eligibility, Awards and the amount, manner and time of payment of any Awards hereunder;

ii) to prescribe forms and procedures for purposes of Plan participation and distribution of Awards; and

iii) to adopt rules, regulations and bylaws and to take such actions as it deems necessary or desirable for the proper administration of the Plan.

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b) Any rule or decision by the Committee that is not inconsistent with the provisions of the Plan shall be conclusive and binding on all persons, and shall be given the maximum deference permitted by law.

4) Eligibility. The employees eligible to participate in the Plan for a given Performance Period shall be executive officers of the Company who are designated by the Committee in its sole discretion. No person shall be automatically entitled to participate in the Plan.

5) Performance Goal Determination. The Committee, in its sole discretion, shall establish the Performance Goals for each Participant for the Performance Period. Such Performance Goals shall be set forth in writing prior to the Determination Date.

6) Target Award Determination. The Committee, in its sole discretion, shall establish a Target Award for each Participant. Each Participant's Target Award shall be determined by the Committee in its sole discretion, and each Target Award shall be set forth in writing prior to the Determination Date.

7) Determination of Payout Formula or Formulae. On or prior to the Determination Date, the Committee, in its sole discretion, shall establish a Payout Formula or Formulae for purposes of determining the Award (if any) payable to each Participant. Each Payout Formula shall (a) be set forth in writing prior to the Determination Date, (b) be based on a comparison of actual performance to the Performance Goals, (c) provide for the payment of a Participant's Target Award if the Performance Goals for the Performance Period are achieved, and (d) provide for an Award greater than or less than the Participant's Target Award, depending upon the extent to which actual performance exceeds or falls below the Performance Goals. Notwithstanding the preceding, in no event shall a Participant's Award for any Performance Period exceed the Maximum Award.

8) Determination of Awards: Award Payment.

(a) Determination and Certification. After the end of each Performance Period, the Committee shall certify in writing (which may be by approval of the minutes in which the certification was made) the extent to which the Performance Goals applicable to each Participant for the Performance Period were achieved or exceeded. The Award for each Participant shall be determined by applying the Payout Formula to the level of actual performance that has been certified by the Committee. Notwithstanding any contrary provision of the Plan, the Committee, in its sole discretion, may eliminate or reduce the Award payable to any Participant below that which otherwise would be payable under the Payout Formula but shall not have the right to increase the Award above that which would otherwise be payable under the Payout Formula.

(b) Right to Receive Payment. Each Award under the Plan shall be paid solely from the general assets of the Company. Nothing in this Plan shall be construed to create a trust or to establish or evidence any Participant's claim of any right to payment of an Award other than as an unsecured general creditor with respect to any payment to which he or she may be entitled. A Participant needs to be employed by the Company through the payment date in order to be eligible to receive an Award payout hereunder.

(c) Form of Distributions. The Company shall distribute all Awards to the Participant in cash.

(d) Timing of Distributions. Subject to Section 8(e) below, the Company shall distribute amounts payable to Participants as soon as is practicable following the determination and written certification of the Award for a Performance Period.

(e) Deferral. The Committee may defer payment of Awards, or any portion thereof, to Covered Employees as the Committee, in its discretion, determines to be necessary or desirable to preserve the deductibility of such amounts under Section 162(m). In addition, the Committee, in its sole discretion, may permit a Participant to defer receipt of the payment of cash that would otherwise be delivered to a Participant under the Plan. Any such deferral elections shall be subject to such rules and procedures as shall be determined by the Committee in its sole discretion.

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9) **Term of Plan.** Subject to its approval at the 2009 annual meeting of the Company's stockholders, the Plan shall first apply to the 2010 Plan Year. Once approved by the Company's stockholders, the Plan shall continue until terminated under Section 10 of the Plan.

10) **Amendment and Termination of the Plan.** The Committee may amend, modify, suspend or terminate the Plan, in whole or in part, at any time, including the adoption of amendments deemed necessary or desirable to correct any defect or to supply omitted data or to reconcile any inconsistency in the Plan or in any Award granted hereunder; provided, however, that no amendment, alteration, suspension or discontinuation shall be made which would (i) impair any payments to Participants made prior to such amendment, modification, suspension or termination, unless the Committee has made a determination that such amendment or modification is in the best interests of all persons to whom Awards have theretofore been granted; provided further, however, that in no event may such an amendment or modification result in an increase in the amount of compensation payable pursuant to such Award or (ii) cause compensation that is, or may become, payable hereunder to fail to qualify as Performance-Based Compensation. To the extent necessary or advisable under applicable law, including Section 162(m), Plan amendments shall be subject to shareholder approval. At no time before the actual distribution of funds to Participants under the Plan shall any Participant accrue any vested interest or right whatsoever under the Plan except as otherwise stated in this Plan.

11) **Withholding.** Distributions pursuant to this Plan shall be subject to all applicable federal and state tax and withholding requirements.

12) **At-Will Employment.** No statement in this Plan should be construed to grant any employee an employment contract of fixed duration or any other contractual rights, nor should this Plan be interpreted as creating an implied or an expressed contract of employment or any other contractual rights between the Company and its employees. The employment relationship between the Company and its employees is terminable at-will. This means that an employee of the Company may terminate the employment relationship at any time and for any reason or no reason.

13) **Successors.** All obligations of the Company under the Plan, with respect to awards granted hereunder, shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business or assets of the Company.

14) **Indemnification.** Each person who is or shall have been a member of the Committee, or of the Board, shall be indemnified and held harmless by the Company against and from (a) any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under the Plan or any award, and (b) from any and all amounts paid by him or her in settlement thereof, with the Company's approval, or paid by him or her in satisfaction of any judgment in any such claim, action, suit, or proceeding against him or her, provided he or she shall give the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's Certificate of Incorporation or Bylaws, by contract, as a matter of law, or otherwise, or under any power that the Company may have to indemnify them or hold them harmless.

15) **Nonassignment.** The rights of a Participant under this Plan shall not be assignable or transferable by the Participant except by will or the laws of intestacy.

16) **Governing Law.** The Plan shall be governed by the laws of the State of California, without regard to conflicts of law provisions thereunder.

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Appendix B

eHEALTH, INC.

2014 EQUITY INCENTIVE PLAN

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Appendix B

eHEALTH, INC.

2014 EQUITY INCENTIVE PLAN

ARTICLE 1. INTRODUCTION.

The Plan is hereby established effective as of June 12, 2014, the date of its approval by stockholders of the Company (the **Effective Date**). The purpose of the Plan is to promote the long-term success of the Company and the creation of stockholder value by (a) encouraging Employees, Outside Directors and Consultants to focus on the Company's performance, (b) encouraging the attraction and retention of Employees, Outside Directors and Consultants with exceptional qualifications and (c) linking Employees, Outside Directors and Consultants directly to stockholder interests through increased stock ownership. The Plan seeks to achieve this purpose by providing for Awards in the form of Restricted Shares, Stock Units, Options (which may constitute ISOs or NSOs) or SARs.

The Plan shall be governed by, and construed in accordance with, the laws of the State of Delaware (except its choice-of-law provisions).

ARTICLE 2. ADMINISTRATION.

2.1 Administrator. The Committee shall serve as Administrator of the Plan. The Committee shall consist of no less than two (2) Outside Directors who shall be appointed by the Board. The Committee shall be comprised solely of Outside Directors who are (a) outside directors under Section 162(m) of the Code, (b) non-employee directors under Rule 16b-3 of the Exchange Act, and (c) who meet any listing standards prescribed by the principal securities market on which the Company's equity securities are traded.

2.2 Administrator Responsibilities. The Administrator shall (a) select the Employees, Outside Directors and Consultants who are to receive Awards under the Plan, (b) determine the type, number, vesting requirements and other features and conditions of such Awards, (c) interpret the Plan and the terms of the Awards, and (d) make all other decisions relating to the operation of the Plan. The Administrator may adopt such rules or guidelines as it deems appropriate to implement the Plan and amend any Award, subject to the consent of the holder of such Award to the extent required by applicable law. The Administrator's determinations under the Plan shall be final and binding on all persons.

2.3 Committee for Non-Officer Grants. The Committee may delegate all or part of its authority and power under the Plan to a secondary committee of the Board or officers of the Company, that may administer the Plan with respect to Employees and Consultants who are not Outside Directors and are not considered executive officers of the Company under section 16 of the Exchange Act, may grant Awards under the Plan to such Employees and Consultants and may determine all features and conditions of such Awards. Notwithstanding the foregoing, with respect to Awards intended to qualify as performance-based compensation under Section 162(m) of the Code, the Committee may not delegate its authority with respect to such Awards if doing so would cause such Awards to fail to so qualify. Within the limitations of this Section 2.3, any reference in the Plan to the Administrator shall include such secondary committee.

2.4 No Repricing. The Administrator may not reduce the Exercise Price for an Option or SAR, other than pursuant to Article 11. This shall include, without limitation, a repricing of the Option or SAR as well as an Option or SAR exchange program whereby the Participant agrees to cancel an existing Option in exchange for an Option, SAR, cash or other Award.

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ARTICLE 3. SHARES AVAILABLE FOR GRANTS.

3.1 Basic Limitation. Common Shares issued pursuant to the Plan may be authorized but unissued shares or treasury shares. The aggregate number of Common Shares issued under the Plan shall not exceed 4,500,000. The Company's 2006 Equity Incentive Plan will be terminated on the Effective Date if this Plan is approved by Company stockholders at the Company's 2014 Annual Meeting of Stockholders (but awards outstanding under the 2006 Incentive Plan shall continue in accordance with their respective terms and conditions). The limitations of this Section 3.1 shall be subject to adjustment pursuant to Article 11.

3.2 Shares Returned to Reserve. If Restricted Shares or Common Shares issued upon the exercise of Options under the Plan are forfeited or repurchased, then such shares of Stock shall again become available for Awards under the Plan. If Stock Units, Options or SARs under the Plan are forfeited or terminate for any other reason before being exercised or settled, then the corresponding shares of Stock shall again become available for Awards under the Plan. Notwithstanding the foregoing, the following Common Shares shall not again become available for Awards or increase the number of Common Shares available for grant under the Plan: (i) Stock tendered by the Participant or withheld by the Company in payment of the purchase price of an Option issued under the Plan, (ii) Stock tendered by the Participant or withheld by the Company to satisfy any tax withholding obligation with respect to an Award, (iii) Stock repurchased by the Company with proceeds received from the exercise of an Option issued under the Plan, and (iv) Stock subject to a SAR issued under this Plan that are not issued in connection with the stock settlement of that SAR upon its exercise. To the extent an Award under the Plan is paid out in cash rather than Stock, such cash payment shall not reduce the number of Common Shares available for issuance under the Plan.

3.3 Dividend Equivalents. Any dividend equivalents paid or credited under the Plan shall, if paid in Common Shares, be applied against the number of Common Shares that may be issued under the Plan. Any dividend equivalents paid or credited under the Plan shall, if paid in cash, not be applied against the number of Common Shares that may be issued under the Plan.

ARTICLE 4. ELIGIBILITY.

4.1 Incentive Stock Options. Only Employees who are common-law employees of the Company, a Parent or a Subsidiary shall be eligible for the grant of ISOs. In addition, an Employee who owns more than 10% of the total combined voting power of all classes of outstanding stock of the Company or any of its Parents or Subsidiaries shall not be eligible for the grant of an ISO unless the requirements set forth in section 422(c)(5) of the Code are satisfied.

4.2 Other Grants. Only Employees, Outside Directors and Consultants shall be eligible for the grant of Restricted Shares, Stock Units, NSOs or SARs.

ARTICLE 5. OPTIONS.

5.1 Stock Option Agreement. Each grant of an Option under the Plan shall be evidenced by a Stock Option Agreement between the Optionee and the Company. Such Option shall be subject to all applicable terms of the Plan and may be subject to any other terms that are not inconsistent with the Plan. The Stock Option Agreement shall specify whether the Option is an ISO or an NSO. The provisions of the various Stock Option Agreements entered into under the Plan need not be identical. A Stock Option Agreement may provide that a new Option will be granted automatically to the Optionee when he or she exercises a prior Option and pays the Exercise Price in the form described in Section 6.2.

5.2 Number of Shares. Each Stock Option Agreement shall specify the number of shares of Stock subject to the Option and shall provide for the adjustment of such number in accordance with Article 11. Options granted to any Optionee in a single fiscal year of the Company shall not cover more than 500,000 shares of

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Stock, except that Options granted to a new Employee in the fiscal year of the Company in which his or her Service as an Employee first commences shall not cover more than 1,000,000 shares of Stock. The limitations set forth in the preceding sentence shall be subject to adjustment in accordance with Article 11.

5.3 Exercise Price. Each Stock Option Agreement shall specify the Exercise Price; provided that the Exercise Price under an Option shall in no event be less than 100% of the Fair Market Value of a share of Stock on the date of grant.

5.4 Exercisability and Term. Each Stock Option Agreement shall specify the date or event when all or any installment of the Option is to become exercisable and vested. The Stock Option Agreement shall also specify the term of the Option; provided that the term of an Option shall in no event exceed seven (7) years from the date of grant. A Stock Option Agreement may provide for accelerated exercisability in the event of the Optionee's death, disability or retirement or other events and may provide for expiration prior to the end of its term in the event of the termination of the Optionee's Service.

ARTICLE 6. PAYMENT FOR OPTION SHARES.

6.1 General Rule. The entire Exercise Price of shares of Stock issued upon exercise of Options shall be payable in cash or cash equivalents at the time when such shares of Stock are purchased, except that the Administrator at its sole discretion may accept payment of the Exercise Price in any other form(s) described in this Article 6. However, if the Optionee is an Outside Director or executive officer of the Company, he or she may pay the Exercise Price in a form other than cash or cash equivalents only to the extent permitted by section 13(k) of the Exchange Act.

6.2 Surrender of Stock. With the Administrator's consent, all or any part of the Exercise Price may be paid by surrendering, or attesting to the ownership of, shares of Stock that are already owned by the Optionee. Such shares of Stock shall be valued at their Fair Market Value on the date when the new shares of Stock are purchased under the Plan.

6.3 Exercise/Sale. With the Administrator's consent, all or any part of the Exercise Price and any withholding taxes may be paid by delivering (on a form prescribed by the Company) an irrevocable direction to a securities broker approved by the Company to sell all or part of the shares of Stock being purchased under the Plan and to deliver all or part of the sales proceeds to the Company.

6.4 Promissory Note. With the Administrator's consent, all or any part of the Exercise Price and any withholding taxes may be paid by delivering (on a form prescribed by the Company) a full-recourse promissory note.

6.5 Other Forms of Payment. With the Administrator's consent, all or any part of the Exercise Price and any withholding taxes may be paid in any other form that is consistent with applicable laws, regulations and rules.

ARTICLE 7. AUTOMATIC AWARD GRANTS TO OUTSIDE DIRECTORS.

7.1 Initial Grants. Each Outside Director who first becomes a member of the Board shall receive a one-time grant covering such number and type or types of Awards, and with such terms and conditions, including vesting, as shall be determined from time to time by the Board or its Compensation Committee, in its discretion. Such Awards shall be granted on the date when such Outside Director first joins the Board. An Outside Director who previously was an Employee shall not receive a grant under this Section 7.1.

7.2 Annual Grants. Upon the conclusion of each regular annual meeting of the Company's stockholders (or such other time as determined by the Board or its Committee), each Outside Director who will continue

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serving as a member of the Board thereafter shall receive an automatic grant covering such number and type or types of Awards, and with such terms and conditions, including vesting, as shall be determined from time to time by the Board or its Compensation Committee, in its discretion, except that such Awards shall not be granted in the calendar year in which the same Outside Director received the Award(s) described in Section 7.1. An Outside Director who previously was an Employee shall be eligible to receive grants under this Section 7.2.

7.3 Accelerated Exercisability. All Awards granted to an Outside Director under this Article 7 shall also become exercisable in full in the event that the Company is subject to a Change in Control before such Outside Director's Service terminates. Acceleration of exercisability may also be required by Section 11.3.

7.4 Exercise Price. The Exercise Price under all NSOs granted to an Outside Director under this Article 7 shall be equal to 100% of the Fair Market Value of a share of Stock on the date of grant, payable in one of the forms described in Sections 6.1, 6.2 and 6.3.

7.5 Term. All NSOs granted to an Outside Director under this Article 7 shall terminate on the earlier of (a) the date seven (7) years after the date of grant or (b) a date following the termination of such Outside Director's Service, as described herein, or such earlier time as is specified by the Board or its Compensation Committee, in its discretion. If an Outside Director's Service terminates for any reason except death or Total and Permanent Disability, then the Outside Director's NSOs shall expire at the close of business at Company headquarters on the date three months after the Outside Director's Service termination date. If an Outside Director dies before his or her Service terminates, then the Outside Director's NSOs shall expire at the close of business at Company headquarters on the date 12 months after the date of death. If an Outside Director's Service terminates because of the Outside Director's Total and Permanent Disability, then the Outside Director's NSOs shall expire at the close of business at Company headquarters on the date 12 months after the Outside Director's Service termination date.

ARTICLE 8. STOCK APPRECIATION RIGHTS.

8.1 SAR Agreement. Each grant of a SAR under the Plan shall be evidenced by a SAR Agreement between the Optionee and the Company. Such SAR shall be subject to all applicable terms of the Plan and may be subject to any other terms that are not inconsistent with the Plan. The provisions of the various SAR Agreements entered into under the Plan need not be identical.

8.2 Number of Shares. Each SAR Agreement shall specify the number of shares of Stock to which the SAR pertains and shall provide for the adjustment of such number in accordance with Article 11. SARs granted to any Optionee in a single fiscal year shall in no event pertain to more than 500,000 shares of Stock, except that SARs granted to a new Employee in the fiscal year of the Company in which his or her Service as an Employee first commences shall not pertain to more than 1,000,000 shares of Stock. The limitations set forth in the preceding sentence shall be subject to adjustment in accordance with Article 11.

8.3 Exercise Price. Each SAR Agreement shall specify the Exercise Price; provided that the Exercise Price under an SAR shall in no event be less than 100% of the Fair Market Value of a share of Stock on the date of grant.

8.4 Exercisability and Term. Each SAR Agreement shall specify the date when all or any installment of the SAR is to become exercisable. The SAR Agreement shall also specify the term of the SAR; provided that the term of the SAR shall in no event exceed seven (7) years from the date of grant. A SAR Agreement may provide for accelerated exercisability in the event of the Optionee's death, disability or retirement or other events and may provide for expiration prior to the end of its term in the event of the termination of the Optionee's Service. SARs may be awarded in combination with Options, and such an Award may provide that the SARs will not be exercisable unless the related Options are forfeited. A SAR may be included with an ISO only at the time of grant but may be included with an NSO at the time of grant or thereafter. A SAR granted under the Plan may provide that it will be exercisable only in the event of a Change in Control.

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8.5 Exercise of SARs. Upon exercise of a SAR, the Optionee (or any person having the right to exercise the SAR after his or her death) shall receive from the Company (a) shares of Stock, (b) cash or (c) a combination of shares of Stock and cash, as the Administrator shall determine. The amount of cash and/or the Fair Market Value of shares of Stock received upon exercise of SARs shall, in the aggregate, not exceed the amount by which the Fair Market Value (on the date of surrender) of the shares of Stock subject to the SARs exceeds the Exercise Price. If, on the date when a SAR expires, the Exercise Price under such SAR is less than the Fair Market Value on such date but any portion of such SAR has not been exercised or surrendered, then such SAR shall automatically be deemed to be exercised as of such date with respect to such portion. A SAR Agreement may also provide for an automatic exercise of the SAR on an earlier date.

ARTICLE 9. RESTRICTED SHARES.

9.1 Restricted Stock Agreement. Each grant of Restricted Shares under the Plan shall be evidenced by a Restricted Stock Agreement between the recipient and the Company. Such Restricted Shares shall be subject to all applicable terms of the Plan and may be subject to any other terms that are not inconsistent with the Plan. The provisions of the various Restricted Stock Agreements entered into under the Plan need not be identical.

9.2 Payment for Awards. Restricted Shares may be sold or awarded under the Plan for such consideration as the Administrator may determine, including (without limitation) cash, cash equivalents, property, full-recourse promissory notes, past services and future services. If the Participant is an Outside Director or executive officer of the Company, he or she may pay for Restricted Shares with a promissory note only to the extent permitted by section 13(k) of the Exchange Act. Within the limitations of the Plan, the Administrator may accept the cancellation of outstanding options or SARs in return for the grant of Restricted Shares.

9.3 Vesting Conditions. Each Award of Restricted Shares may or may not be subject to vesting. Any vesting shall occur, in full or in installments, upon satisfaction of the conditions specified in the Restricted Stock Agreement. The Administrator may include among such conditions the requirement that the performance of the Company or a business unit of the Company for a specified period of one or more fiscal years equal or exceed a target determined in advance by the Administrator. Such target shall be based on one or more Performance Goals. The Administrator shall identify such target not later than the 90th day of such period. In no event shall more than 500,000 Restricted Shares that are subject to performance-based vesting conditions be granted to any Participant in a single fiscal year of the Company, subject to adjustment in accordance with Article 11. A Restricted Stock Agreement may provide for accelerated vesting in the event of the Participant's death, disability or retirement or other events.

9.4 Voting and Dividend Rights. The holders of Restricted Shares awarded under the Plan shall have the same voting, dividend and other rights as the Company's other stockholders. A Restricted Stock Agreement may require that the holders of Restricted Shares invest any cash dividends received in additional Restricted Shares. Any additional Restricted Shares that represent share dividends shall be subject to the same conditions and restrictions as the Award with respect to which the dividends were paid.

ARTICLE 10. STOCK UNITS.

10.1 Stock Unit Agreement. Each grant of Stock Units under the Plan shall be evidenced by a Stock Unit Agreement between the recipient and the Company. Such Stock Units shall be subject to all applicable terms of the Plan and may be subject to any other terms that are not inconsistent with the Plan. The provisions of the various Stock Unit Agreements entered into under the Plan need not be identical.

10.2 Payment for Awards. To the extent that an Award is granted in the form of Stock Units, no cash consideration shall be required of the Award recipients. Within the limitations of the Plan, the Administrator may accept the cancellation of outstanding options or SARs in return for the grant of Stock Units.

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10.3 Vesting Conditions. Each Award of Stock Units may or may not be subject to vesting. Vesting shall occur, in full or in installments, upon satisfaction of the conditions specified in the Stock Unit Agreement. The Administrator may include among such conditions the requirement that the performance of the Company or a business unit of the Company for a specified period of one or more fiscal years equal or exceed a target determined in advance by the Administrator. Such target shall be based on one or more Performance Goals. The Administrator shall identify such target not later than the 90th day of such period. In no event shall more than 500,000 Stock Units that are subject to performance-based vesting conditions be granted to any Participant in a single fiscal year of the Company, subject to adjustment in accordance with Article 11. A Stock Unit Agreement may provide for accelerated vesting in the event of the Participant's death, disability or retirement or other events.

10.4 Voting and Dividend Rights. The holders of Stock Units shall have no voting rights. Prior to settlement or forfeiture, any Stock Unit awarded under the Plan may, at the Administrator's discretion, carry with it a right to dividend equivalents. Such right would entitle the holder to be credited with an amount equal to all cash dividends paid on one share of Stock while the Stock Unit is outstanding, which shall be subject to the terms of the Stock Unit Agreement. Dividend equivalents may be converted into additional Stock Units. Settlement of dividend equivalents may be made in the form of cash, in the form of shares of Stock, or in a combination of both. Prior to distribution, any dividend equivalents that are not paid shall be subject to the same conditions and restrictions as the Stock Units to which they attach.

10.5 Form and Time of Settlement of Stock Units. Settlement of vested Stock Units may be made in the form of (a) cash, (b) shares of Stock or (c) any combination of both, as determined by the Administrator. The actual number of Stock Units eligible for settlement may be larger or smaller than the number included in the original Award, based on predetermined performance factors. Methods of converting Stock Units into cash may include (without limitation) a method based on the average Fair Market Value of shares of Stock over a series of trading days. Vested Stock Units may be settled in a lump sum or in installments. The distribution may occur or commence when all vesting conditions applicable to the Stock Units have been satisfied or have lapsed, or it may be deferred to any later date. The amount of a deferred distribution may be increased by an interest factor or by dividend equivalents. Until an Award of Stock Units is settled, the number of such Stock Units shall be subject to adjustment pursuant to Article 11.

10.6 Death of Recipient. Any Stock Units Award that becomes payable after the recipient's death shall be distributed to the recipient's beneficiary or beneficiaries. Each recipient of a Stock Units Award under the Plan shall designate one or more beneficiaries for this purpose by filing the prescribed form with the Company. A beneficiary designation may be changed by filing the prescribed form with the Company at any time before the Award recipient's death. If no beneficiary was designated or if no designated beneficiary survives the Award recipient, then any Stock Units Award that becomes payable after the recipient's death shall be distributed to the recipient's estate.

10.7 Creditors' Rights. A holder of Stock Units shall have no rights other than those of a general creditor of the Company. Stock Units represent an unfunded and unsecured obligation of the Company, subject to the terms and conditions of the applicable Stock Unit Agreement.

ARTICLE 11. ADJUSTMENTS, DISSOLUTION OR LIQUIDATION, REORGANIZATIONS.

11.1 Adjustments. In the event of a subdivision of the outstanding shares of Stock, a declaration of a dividend payable in Common Shares (other than regular, ongoing dividends) or other distribution (whether in the form of cash or Common Shares), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Common Shares, or other change in the corporate structure of the Company affecting the Common Shares such that an adjustment is determined by the

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Administrator (in its discretion) to be appropriate to prevent dilution or enlargement of benefits intended to be made available under the Plan, then the Administrator shall, in such manner as it may deem equitable, adjust each of the following:

- (a) The number of Options, SARs, Restricted Shares and Stock Units available for future Awards under Article 3;
- (b) The limitations set forth in Sections 5.2, 8.2, 9.3 and 10.3;
- (c) The number of shares of Stock covered by each outstanding Option and SAR;
- (d) The Exercise Price under each outstanding Option and SAR;
- (e) The number of shares of Stock covered by an Option to be granted under Article 7; or
- (f) The number of Stock Units included in any prior Award that has not yet been settled.

In the event of a declaration of an extraordinary dividend payable in a form other than shares of Stock in an amount that has a material effect on the price of shares of Stock, the Administrator shall make such adjustments as it, in its sole discretion, deems appropriate in one or more of the foregoing. Except as provided in this Article 11, a Participant shall have no rights by reason of any issuance by the Company of stock of any class or securities convertible into stock of any class, any subdivision or consolidation of shares of stock of any class, the payment of any stock dividend or any other increase or decrease in the number of shares of stock of any class.

11.2 Dissolution or Liquidation. To the extent not previously exercised or settled, Options, SARs and Stock Units shall terminate immediately prior to the dissolution or liquidation of the Company.

11.3 Change in Control. In the event of a Change in Control, all outstanding Awards shall be treated as the Administrator (in its discretion) determines, which need provide for treatment of all outstanding Awards (or a portion thereof) in an identical manner and may be effected without consent of a Participant. Such treatment shall provide for one or more of the following:

- (a) The Administrator shall have the discretion, exercisable either at the time an Award is granted or at any time the Award remains outstanding, to provide for automatic acceleration of vesting upon occurrence of a Change in Control, whether or not the Award is assumed or replaced in the Change in Control, or in connection with a termination of a Participant's Service following a Change in Control.
- (b) The assumption of any outstanding Awards by the surviving, continuing, successor or purchasing entity or its parent, provided that the assumption of Options or SARs shall comply with section 424(a) of the Code (whether or not the Options are ISOs).
- (c) The substitution by the surviving corporation or its parent of new awards for any outstanding Awards, provided that the substitution of Options or SARs shall comply with section 424(a) of the Code (whether or not the Options are ISOs).
- (d) Full exercisability of any outstanding Options and SARs and full vesting of the shares of Stock subject to such Options and SARs, followed by the cancellation of such Options and SARs. The full exercisability of any Options and SARs and full vesting of such shares of Stock may be contingent on the closing of the Change in Control. The Optionees shall be able to exercise such Options and SARs during a period preceding the closing date of the Change in Control. Any exercise of such Options and SARs during such period may be contingent on the closing of the Change in Control.
- (e) The cancellation of any outstanding Options and SARs and a payment to the Optionees equal to the excess of (i) the Fair Market Value of the shares of Stock subject to such Options and SARs (whether or not such Options and SARs are then exercisable or such shares of Stock are then vested) as of the closing date of such Change in Control over (ii) their Exercise Price. Such payment shall be made in the form of cash, cash equivalents, or securities of the surviving corporation or its parent with a Fair Market Value equal

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to the required amount. Such payment may be made in installments and may be deferred until the date or dates when such Options and SARs would have become exercisable or such shares of Stock would have vested. Such payment may be subject to vesting based on the Optionee's continuing Service, provided that the vesting schedule shall not be less favorable to the Optionee than the schedule under which such Options and SARs would have become exercisable or such shares of Stock would have vested. If the Exercise Price of the shares of Stock subject to such Options and SARs exceeds the Fair Market Value of such shares of Stock, then such Options and SARs may be cancelled without making a payment to the Optionees. For purposes of this Subsection (e), the Fair Market Value of any security shall be determined without regard to any vesting conditions that may apply to such security.

(f) The cancellation of any outstanding Stock Units and a payment to the Participants equal to the Fair Market Value of the shares of Stock subject to such Stock Units (whether or not such Stock Units are then vested) as of the closing date of such Change in Control. Such payment shall be made in the form of cash, cash equivalents, or securities of the surviving corporation or its parent with a Fair Market Value equal to the required amount. Such payment may be made in installments and may be deferred until the date or dates when such Stock Units would have vested. Such payment may be subject to vesting based on the Participant's continuing Service, provided that the vesting schedule shall not be less favorable to the Participant than the schedule under which such Stock Units would have vested. For purposes of this Subsection (f), the Fair Market Value of any security shall be determined without regard to any vesting conditions that may apply to such security.

ARTICLE 12. PERFORMANCE-BASED COMPENSATION UNDER CODE SECTION 162(m).

12.1 General. If the Administrator, in its discretion, decides to grant an Award intended to qualify as performance-based compensation under Code Section 162(m), the provisions of this Section 12 will control over any contrary provision in the Plan; provided, however, that the Administrator may in its discretion grant Awards that are not intended to qualify as performance-based compensation under Section 162(m) of the Code to such Participants that are based on Performance Goals or other specific criteria or goals but that do not satisfy the requirements of this Article 12.

12.2 Performance Goals. The granting and/or vesting of Awards of Restricted Stock or Stock Units or other incentives under the Plan may, in the discretion of the Administrator, be made subject to the achievement of one or more Performance Goals.

12.3 Procedures. To the extent necessary to comply with the performance-based compensation provisions of Code Section 162(m), with respect to any Award granted subject to Performance Goals, within the first twenty-five percent (25%) of the Performance Period, but in no event more than ninety (90) days following the commencement of any Performance Period (or such other time as may be required or permitted by Code Section 162(m)), the Administrator will, in writing, (i) designate one or more Participants to whom an Award will be made, (ii) select the Performance Goals applicable to the Performance Period, (iii) establish the Performance Goals, and amounts of such Awards, as applicable, which may be earned for such Performance Period, and (iv) specify the relationship between Performance Goals and the amounts of such Awards, as applicable, to be earned by each Participant for such Performance Period. Following the completion of each Performance Period, the Administrator will certify in writing whether the applicable Performance Goals have been achieved for such Performance Period. In determining the amounts earned by a Participant, the Administrator will have the right to reduce or eliminate (but not to increase) the amount payable at a given level of performance to take into account additional factors that the Administrator may deem relevant to the assessment of individual or corporate performance for the Performance Period. A Participant will be eligible to receive payment pursuant to an Award for a Performance Period only if the Performance Goals for such period are achieved.

12.4 Additional Limitations. Notwithstanding any other provision of the Plan, any Award which is granted to a Participant and is intended to constitute qualified performance based compensation under Code

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Section 162(m) will be subject to any additional limitations set forth in the Code (including any amendment to Section 162(m)) or any regulations and ruling issued thereunder that are requirements for qualification as qualified performance-based compensation as described in Section 162(m) of the Code, and the Plan will be deemed amended to the extent necessary to conform to such requirements.

ARTICLE 13. LIMITATION ON RIGHTS.

13.1 Retention Rights. Neither the Plan nor any Award granted under the Plan shall be deemed to give any individual a right to remain an Employee, Outside Director or Consultant. The Company and its Parents, Subsidiaries and Affiliates reserve the right to terminate the Service of any Employee, Outside Director or Consultant at any time, with or without cause, subject to applicable laws, the Company's certificate of incorporation and by-laws and a written employment agreement (if any).

13.2 Stockholders' Rights. A Participant shall have no dividend rights, voting rights or other rights as a stockholder with respect to any shares of Stock covered by his or her Award prior to the time when a stock certificate for such shares of Stock is issued or, if applicable, the time when he or she becomes entitled to receive such shares of Stock by filing any required notice of exercise and paying any required Exercise Price. No adjustment shall be made for cash dividends or other rights for which the record date is prior to such time, except as expressly provided in the Plan.

13.3 Regulatory Requirements. Any other provision of the Plan notwithstanding, the obligation of the Company to issue shares of Stock under the Plan shall be subject to all applicable laws, rules and regulations and such approval by any regulatory body as may be required. The Company reserves the right to restrict, in whole or in part, the delivery of shares of Stock pursuant to any Award prior to the satisfaction of all legal requirements relating to the issuance of such shares of Stock, to their registration, qualification or listing or to an exemption from registration, qualification or listing.

13.4 Transferability of Awards. No Awards granted under this Plan may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will, by the laws of descent and distribution, or beneficiary designations under procedures established by the Administrator. All rights with respect to an Award granted to a Participant shall be available during his or her lifetime only to the Participant. Notwithstanding the foregoing, the Administrator may, in its sole discretion, permit transfers of Awards for estate planning and charitable purposes in accordance with procedures it establishes.

ARTICLE 14. WITHHOLDING TAXES.

14.1 General. To the extent required by applicable federal, state, local or foreign law, a Participant or his or her successor shall make arrangements satisfactory to the Company for the satisfaction of any withholding tax obligations that arise in connection with the Plan. The Company shall not be required to issue any shares of Stock or make any cash payment under the Plan until such obligations are satisfied.

14.2 Share Withholding. To the extent that applicable law subjects a Participant to tax withholding obligations, the Administrator may permit such Participant to satisfy all or part of such minimum required withholding obligations by having the Company withhold all or a portion of any shares of Stock that otherwise would be issued to him or her or by surrendering all or a portion of any shares of Stock that he or she previously acquired. Such shares of Stock shall be valued at their Fair Market Value on the date when they are withheld or surrendered.

ARTICLE 15. FUTURE OF THE PLAN.

15.1 Term of the Plan. The Plan shall become effective on the Effective Date and shall remain in effect until the earlier of (a) the date when the Plan is terminated under Section 15.2 or (b) the 10th anniversary of the Effective Date.

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15.2 Amendment or Termination. The Board may, at any time and for any reason, amend or terminate the Plan. No Awards shall be granted under the Plan after the termination thereof. The termination of the Plan, or any amendment thereof, shall not affect any Award previously granted under the Plan.

15.3 Stockholder Approval. An amendment of the Plan shall be subject to the approval of the Company's stockholders only to the extent required by applicable laws, regulations or rules.

ARTICLE 16. DEFINITIONS.

(a) **Administrator** means the Board or any of its Committees that will be administering the Plan, in accordance with Article 2.

(b) **Affiliate** means any corporation or other entity (including, but not limited to, partnerships and joint ventures) controlling, controlled by, or under common control with the Company.

(c) **Award** means any award of an Option, a SAR, a Restricted Share or a Stock Unit under the Plan.

(d) **Board** means the Company's Board of Directors, as constituted from time to time.

(e) **Change in Control** means:

(a) The consummation of a merger or consolidation of the Company with or into another entity or any other corporate reorganization, if persons who were not stockholders of the Company immediately prior to such merger, consolidation or other reorganization own immediately after such merger, consolidation or other reorganization 50% or more of the voting power of the outstanding securities of each of (i) the continuing or surviving entity and (ii) any direct or indirect parent corporation of such continuing or surviving entity;

(b) The sale, transfer or other disposition of all or substantially all of the Company's assets;

(c) A change in the effective control of the Company that occurs on the date that a majority of members of the Board is replaced during any twelve (12) month period by directors whose appointment is not endorsed by a majority of the members of the Board prior to the date of the appointment or election; or

(d) Any transaction as a result of which any person is the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing at least 50% of the total voting power represented by the Company's then outstanding voting securities. For purposes of this Subsection (d), the term "person" shall have the same meaning as when used in sections 13(d) and 14(d) of the Exchange Act but shall exclude (i) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or of a Parent or Subsidiary and (ii) a corporation owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of the common stock of the Company. For purposes of this subsection (d), the acquisition of additional stock by any one person, who is considered to own more than fifty percent (50%) of the total voting power of the stock of the Company will not be considered an additional Change in Control.

A transaction shall not constitute a Change in Control (i) if its sole purpose is to change the state of the Company's incorporation or to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction, or (ii) it does not qualify as a change of control event within the meaning of Section 409A.

(f) **Code** means the Internal Revenue Code of 1986, as amended.

(g) **Committee** means a committee appointed by the Board that consists of one or more Board members or other individuals satisfying all applicable laws. As of the Effective Date, and until otherwise determined by the Board, the Compensation Committee of the Board will serve as the Committee.

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- (h) **Common Share** means one share of common stock of the Company.
- (i) **Company** means eHealth, Inc., a Delaware corporation.
- (j) **Consultant** means any consultant, advisor or other person who provides significant services to the Company, a Parent, a Subsidiary or an Affiliate, but who is not an Employee or an Outside Director. However, a person shall not be eligible to be granted an Award if inclusion of that person as a Consultant would cause the Awards and/or Shares available under the Plan to be ineligible for registration on a Form S-8 Registration Statement under the 1933 Act.
- (k) **Employee** means a common-law employee of the Company, a Parent, a Subsidiary or an Affiliate.
- (l) **Exchange Act** means the Securities Exchange Act of 1934, as amended.
- (m) **Exercise Price**, in the case of an Option, means the amount for which one share of Stock may be purchased upon exercise of such Option, as specified in the applicable Stock Option Agreement. Exercise Price, in the case of a SAR, means an amount, as specified in the applicable SAR Agreement, which is subtracted from the Fair Market Value of one share of Stock in determining the amount payable upon exercise of such SAR.
- (n) **Fair Market Value** means the market price of shares of Stock, determined by the Administrator in good faith on such basis as it deems appropriate. Whenever possible, the determination of Fair Market Value by the Administrator shall be based on the prices reported in The Wall Street Journal or as reported directly to the Company by Nasdaq or a stock exchange. Such determination shall be conclusive and binding on all persons.
- (o) **ISO** means an incentive stock option described in section 422(b) of the Code.
- (p) **NSO** means a stock option not described in sections 422 or 423 of the Code.
- (q) **Option** means an ISO or NSO granted under the Plan and entitling the holder to purchase shares of Stock.
- (r) **Optionee** means a person or estate who holds an Option or SAR.
- (s) **Outside Director** means a member of the Board who is not an Employee.
- (t) **Parent** means any corporation (other than the Company) in an unbroken chain of corporations ending with the Company, if each of the corporations other than the Company owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. A corporation that attains the status of a Parent on a date after the adoption of the Plan shall be considered a Parent commencing as of such date.
- (u) **Participant** means a person or estate who holds an Award.
- (v) **Performance Goals** means the goal(s), or combination of goal(s) determined by the Administrator with respect to an Award. The performance goals that may be used by the Administrator may consist of any one or more of the following objective performance criteria, applied to either the Company as a whole or, except with respect to stockholder return metrics, to a region, business unit, affiliate or business segment, and measured either on an absolute basis, a per share basis or relative to a pre-established target, to a previous period's results or to a designated comparison group, and, with respect to financial metrics, which may be determined in accordance with United States Generally Accepted Accounting Principles (GAAP), in

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accordance with accounting principles established by the International Accounting Standards Board (IASB Principles) or which may be adjusted when established to exclude any items otherwise includable under GAAP or under IASB Principles: (i) cash flow (including operating cash flow or free cash flow), (ii) revenue (on an absolute basis or adjusted for currency effects), (iii) gross margin, (iv) operating expenses or operating expenses as a percentage of revenue, (v) earnings (which may include earnings before interest and taxes, earnings before taxes, net earnings or EBITDA), (vi) earnings per share, (vii) stock price, (viii) return on equity, (ix) total stockholder return, (x) growth in stockholder value relative to the moving average of the S&P 500 Index, or another index, (xi) return on capital, (xii) return on assets or net assets, (xiii) return on investment, (xiv) economic value added, (xv) operating income or net operating income, (xvi) operating margin, (xvii) market share, (xviii) overhead or other expense reduction, (xix) credit rating, (xx) objective customer indicators, (xxi) improvements in productivity, (xxii) attainment of objective operating goals, (xxiii) objective employee metrics, (xxiv) return ratios, (xxv) objective qualitative milestones, (xxvi) other objective financial or other metrics relating to the progress of the Company or to a Subsidiary, division or department thereof, (xxvii) number of customers (or estimated membership, with the formulae for such estimations being objectively determinable), submitted applications or members, or approved applications or members, sold applications or members, (xxviii) conversion yields achieved from website visitors to sold members (including any sub-yield in between), (xxix) increase in membership, (xxx) cost of acquiring members or applicants, or (xxxi) retention of membership.

(w) **Performance Period** means a period established by the Administrator during which performance objectives or continued Service must be met pursuant to Section 12.

(x) **Plan** means this eHealth, Inc. 2014 Equity Incentive Plan, as amended from time to time.

(y) **Restricted Share** means a share of Stock awarded under the Plan.

(z) **Restricted Stock Agreement** means the agreement between the Company and the recipient of a Restricted Share that contains the terms, conditions and restrictions pertaining to such Restricted Share.

(aa) **SAR** means a stock appreciation right granted under the Plan.

(bb) **SAR Agreement** means the agreement between the Company and an Optionee that contains the terms, conditions and restrictions pertaining to his or her SAR.

(cc) **Section 409A** means Section 409A of the Code.

(dd) **Service** means service as an Employee, Outside Director or Consultant.

(ee) **Stock** means the Common Stock of the Company.

(ff) **Stock Option Agreement** means the agreement between the Company and an Optionee that contains the terms, conditions and restrictions pertaining to his or her Option.

(gg) **Stock Unit** means a bookkeeping entry representing the equivalent of one share of Stock, as awarded under the Plan.

(hh) **Stock Unit Agreement** means the agreement between the Company and the recipient of a Stock Unit that contains the terms, conditions and restrictions pertaining to such Stock Unit.

(ii) **Subsidiary** means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company, if each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in

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one of the other corporations in such chain. A corporation that attains the status of a Subsidiary on a date after the adoption of the Plan shall be considered a Subsidiary commencing as of such date.

(jj) **Total and Permanent Disability** means that the Optionee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted, or can be expected to last, for a continuous period of not less than one year.

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